

EIGHT PAGES
FROM SUNDAY'S
The New York Times
WEEKLY REVIEW
INSIDE TODAY

THE JERUSALEM POST

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INSIDE

**Summer time —
It could last
six months
this year — Page 3**

**Singapore, Israel's
trade gateway
to Asia — Page 6**

**Hussein said
pressing
Arafat to
accept 242**

AMMAN (AP). — PLO chairman Yasser Arafat and Jordan's King Hussein held two rounds of talks here yesterday reportedly to discuss Hussein's demand for PLO endorsement of UN Resolutions 242 and 338 to advance Middle East peace efforts. But Arafat reportedly was not inclined to accept the resolutions.

Arafat and nine other PLO officials had lunch with Hussein at his hilltop palace. After a two-hour break, Arafat returned to the palace for a private session with the monarch, palace sources said. There was no immediate word on the outcome of the talks.

But a senior PLO official said before the meeting that Arafat would not accept the measures unless there were guarantees that Israel and the U.S. would recognize the PLO.

The two measures call for peace with Israel in return for its withdrawal from land captured in the 1967 war.

The new mayor of Nabulus said here that Arab leaders in the West Bank would not take part in peace talks with Israel against the wishes of the PLO.

"With the objections of the PLO, it's not really possible," said Zafar Masri, who was appointed mayor late last year.

"I don't see it as an easy option unless the PLO would give a sort of blessing or be neutral," Masri said. He said he did not see any West Bank leaders "going head-on" against the PLO.

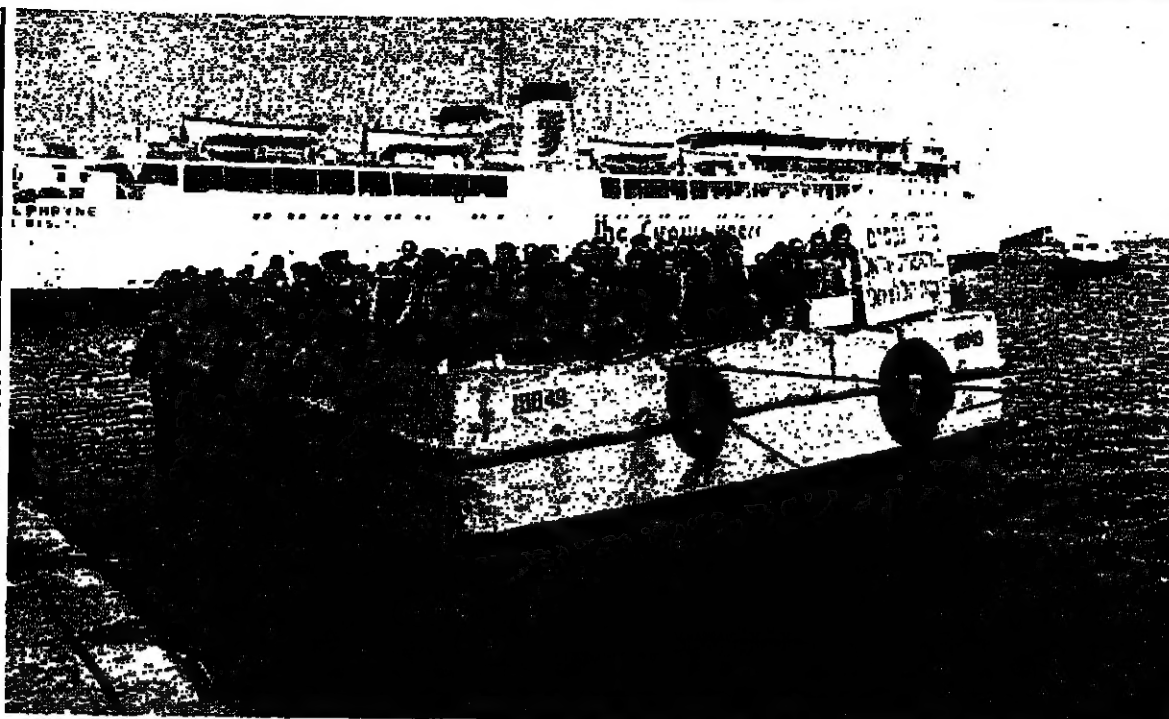
**U.K. turns against
Arab boycott**

By JERRY LEWIS
Jerusalem Post Correspondent
LONDON. — The British government has agreed to stop helping British companies comply with the Arab League's trade boycott of Israel, an issue raised by Prime Minister Peres when he met Prime Minister Thatcher last week.

It had been understood that no formal announcement of the policy change, one much sought by both Israel and the Jewish business community here, was to be made for at least a month, specifically at British insistence. However, Peres gave a broad hint of his success on the matter when he told a questioner at the House of Commons last week, "I feel very strongly that I was very convincing [when the issue was raised with Thatcher] and I hope to see some results in the near future."

Yesterday's *Observer* confirmed that Thatcher indeed had agreed to stop the practice whereby the For-

(Continued on Page 2, Col. 4)



Workers at the Haifa shipyards, continuing their campaign to try to prevent the closure of the plant, staged a demonstration in the harbour yesterday aboard a raft, hauled by a tug. (Israel Sun)

Second thoughts on shipyards decision

General strike called over unemployment

By ROY ISACOWITZ
and DAVID RUDGE
Jerusalem Post Reporters

TEL AVIV. — The Histadrut's strike committee last night decided to hold a two-hour general strike next Tuesday as a warning to the government that its economic policy is not acceptable to the country's workers.

The country-wide action is likely to be preceded by a strike this Wednesday in support of Israel Shipyard workers.

The Haifa Labour Council is to decide today on the duration of the strike (a full day or several hours), which was recommended by the Histadrut central committee.

The places likely to be hit include the Oil Refineries, the Haifa Port, the Israel Electric Corporation northern branch, Histadrut Kupat Holim clinics and hospitals, the municipality, government hospitals, factories, Hamashbir stores and government offices.

The Haifa strike is to coincide with the Jerusalem District Court's resumed hearings on the shipyard. The court last week sent the plant's 650 workers on leave without pay for seven days at the request of the shipyard's receiver.

The workers, who are continuing

their sit-in at the plant, greeted with a mixture of hope and scepticism the news that the Ministerial Economics Committee will tomorrow reconsider its earlier decision to appoint a receiver.

The request to refer the matter back for further consideration was approved at yesterday's cabinet meeting following an appeal by Ministers Gad Ya'acobi and Moshe Shaleh.

Next Wednesday's general strike is intended to show the government that workers are not prepared to accept a budget based on increased unemployment, Histadrut Trade Union Department chairman Haim Haberfeld said last night. Haberfeld heads the strike committee.

The committee expressed full support for the Haifa Labour Council's proposed measures to ensure the continued functioning of the shipyards.

Earlier yesterday, the Histadrut central committee empowered the strike committee to take whatever steps are necessary to prevent further dismissals and increased unemployment.

Histadrut Secretary-General Yisrael Kassar warned the government that the Histadrut "will fight with all the means at our disposal in view of

(Continued on Back Page)

Bonn ready for arms pact as Peres arrives

By WLADIMIR STRUMINSKI
Jerusalem Post Correspondent

West Germany is ready to engage in trilateral cooperation on arms development with the U.S. and Israel, German sources in Bonn said before the arrival of Prime Minister Shimon Peres.

Peres arrived in Bonn aboard an Israel Air Force plane at 6.30 p.m. yesterday. He was greeted by the German Foreign Minister's Chief of Protocol as well as by the Israeli Ambassador Yitzhak Ben-Ari and his embassy staff.

From the Cologne-Bonn airport, Peres proceeded to a dinner hosted by German Foreign Minister Hans-Dietrich Genscher. Today Peres is to visit the former death camp in Bergen-Belsen and then return to Bonn where he will begin official talks.

Concerning the trilateral cooperation, German sources in Bonn remarked that West Germany would be ready for an arrangement with the U.S. and Israel combining the technology of the three countries. Experts say Germany is not only politically ready for, but is also militarily interested in such cooperation. On Tuesday Peres is to meet Germany's Defence Minister Manfred Wörner.

Another major aim of Peres's visit is the establishment of a bi-national German-Israeli research foundation. It is still not clear whether Peres will be able to reach an agreement in principle on such a foundation, a project which is strongly favoured.

There seems to be no agreement about the scope or the capital endowment for the foundation, even though German Chancellor Helmut Kohl also supports the idea in principle.

Sources in Bonn told *The Jerusalem Post* that Science Minister Gideon Patil visited Germany recently in order to appease the anger of the German Research Ministry at being overruled by Peres and Kohl on the foundation issue. The Research Ministry had rejected the idea earlier last year. It seems, sources pointed out, that Peres raised it again during his meeting with Kohl in New York last October, without having coordinated with the Israeli Science Ministry.

Setback for Lavi fighter as critics bemoan cost

By HIRSH GOODMAN

Post Defence Correspondent
The Lavi fighter project took another nose dive recently when senior defence circles apprised of the new budgetary realities facing the defence establishment, expressed opposition to the fighter going into production.

By doing so, these officials, including air force officers, contradicted the public position of both Defence Minister Rabin and Chief of General Staff Moshe Levi.

Last month, following a cabinet decision to proceed with the project, Rabin approved initiating production with a view to producing between 24 and 30 of the aircraft per year, at an annual cost of \$550 million.

To date slightly over \$1 billion has been spent on the Lavi's development, almost all the money coming from a special U.S. grant. The first prototype was scheduled to fly by the fall.

This opposition to the continuation of the Lavi project is by far the most serious threat to the aircraft yet, and one which the chief of general staff and Rabin will find difficult to overcome.

"The Lavi last week lost its prime backers," a senior defence source told *The Jerusalem Post*. "It seems highly unlikely that it will survive the blow."

Opposition to the continuation of the project has been gathering in all branches of the army, including the Air Force. This opposition came to a head when the implications of the production of the Lavi were made clear within the context of the IDF's 1985-1990 development programme. Given the expected size of the Air Force in the next decade, as dictated by both budgetary restrictions and rising costs, the Air Force will not be able to purchase the 300 Lavis it had originally intended buying.

Instead, to compensate for the quantitative deterioration projected between Israel and the confrontation states in the 1990s, the Air Force would prefer more advanced aircraft than the Lavi, specifically the ATF, which is still in the development

(Continued on Page 2, Col. 4)

Weizman sees Mubarak in bid to arrange early summit

By ROY ISACOWITZ
Post Political Reporter

TEL AVIV. — Minister-without-Portfolio Ezer Weizman and the director-general of the Prime Minister's Office, Avraham Tamir, are due back in Israel today after paying a flying visit to Cairo yesterday to confer with President Mubarak.

The purpose of Weizman's mission was to persuade Mubarak to meet with Prime Minister Peres to break the diplomatic logjam between the two countries. It came against a background of rising doubt in Israel about Egypt's commitment to normal relations.

Weizman, Tamir and Israeli Ambassador to Cairo Moshe Sasson met with Mubarak and Foreign Minister Esmet Abdel Maguid for 90 minutes yesterday afternoon. Details of the meeting were not available.

Labour Party sources conceded last night that Peres had gone out on

a limb in allowing Weizman to visit Cairo. Failure by Weizman to elicit concessions, however symbolic, from Mubarak, would leave the premier open to criticism by the Likud and could jeopardize the entire normalization process.

The prime goal of the mission was to gain Mubarak's consent to a summit meeting with Peres "in the very near future" sources close to Weizman said last night. Egypt has refused to consider a summit before the signing of the Taba arbitration compromise.

Weizman believes that relations between the two countries will continue to deteriorate unless Peres and Mubarak achieve a breakthrough on a personal level, the sources added.

Another major purpose of the mission was to impress on Mubarak that Israel is determined to receive a full and official report from the Egyptian government on the Ras Burka massacre. Senior Egyptian officials said last week that at most

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Main purpose: to improve bilateral ties

By WLADIMIR STRUMINSKI
Jerusalem Post Correspondent

BONN. — The primary purpose of Minister without Portfolio Ezer Weizman's trip to Cairo is to seek an improvement in bilateral relations rather than furthering the peace process, but the peace process might benefit from improved relations between Israel and Egypt, a source in Prime Minister Peres's entourage said here late last night.

Israel is not seeking any Egyptian role as an intermediary between

Israel and Jordan, the source said. There is no intention to hold a meeting between Peres and Egyptian President Hosni Mubarak in Bonn, and it is not known when Peres will go to Cairo, he added.

Peres told Weizman to ask Vice Premier Shamir's opinion on the Egyptian invitation, according to the source. The Weizman talks are not a substitute for negotiations between the two countries' directors-general delegations, the source said.

Shamir gave 'full consent and approval'

By SARAH HONIG
and LEA LEVAVI

TEL AVIV. — Ezer Weizman's latest trip to Egypt was planned with the full consent and approval of Vice Premier Yitzhak Shamir.

In fact, not only was the Weizman trip unopposed by Shamir and the

other Likud ministers, but Weizman was actually encouraged to travel to Cairo.

Sources close to Shamir explain that "after all, Shamir too is interested in peace. We are in a curious situation in which we don't

(Continued on back page)

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Some widows are more equal

By TSIPPI KUPER
Widows of cabinet ministers, Knesset members and other top officials receive about 66 per cent more of their spouses' pensions than other widows, a former diplomat complained yesterday.

A widow normally receives 60 per cent of her husband's pension. But widows of such officials as ministers and their deputies, Knesset members, judges, ministry directors-general and the chief of general staff receive their full pensions, according to Abba Gefen, former ambassador to Bucharest and now chairman of the Foreign Ministry pensioners' committee.

Ivor Kirschner, secretary of the Knesset Finance Committee, yesterday confirmed this.

Gefen, who formed a pensioners' electoral list in September, is concerned about what he calls the low level of widows' pensions. The

widow of an ex-ambassador, for example, gets NIS 230 monthly, he said in an interview yesterday.

The pension a worker receives upon retiring after 35 years is 70 per cent of his last monthly salary. Since the basic wage (excluding car allowance and other benefits) is taken as the starting point for calculations, the pension is actually some 42 per cent of his last gross salary. The 60 per cent of the pension allotted to the widow comes to approximately a quarter of this salary, said Gefen.

Widows also receive a National Insurance allotment, amounting to a fifth of the nation's average wage. Shlomo Cohen, director of the NII long-term pension planning department, said yesterday that almost 45 per cent of the country's 89,000 widows receive only the NII allotment, since their spouses' pension funds had not matured at the time of their death.

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BUENOS AIRES	27	80	98	Clear
CHICAGO	-5	23	4	Cloudy
COPIACACI	8	32	1	Cloudy
FRANKFURT	8	32	1	Cloudy
GENEVA	-2	28	1	Clear
MILANO	8	32	1	Cloudy
HONG KONG	14	57	61	Cloudy
JERUSALEM	14	57	61	Cloudy
LONDON	18	58	14	Cloudy
LUXEMBOURG	-1	28	4	Clear
MADRID	-1	30	1	Clear
MONTREAL	-18	0	13	Clear
NEW YORK	-2	28	4	Clear
OSLO	-3	26	2	Clear
PARIS	-1	30	5	Clear
RIO DE JANEIRO	22	72	36	Clear
SAO PAULO	20	68	32	Clear
SPACOKOLM	-3	26	2	Clear
TOKYO	0	32	7	Clear
TORONTO	0	32	7	Clear
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THE WEATHER

Forecast: Partly cloudy.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	32	7-14	14
Golan	31	6-15	14
Nahariya	—	—	19
Safed	—	—	13
Hod HaSharon	30	12-20	19
Tiberias	31	8-18	19
Nazareth	32	7-16	19
Afula	37	2-19	16
Sharon	32	4-16	16
Tel Aviv	61	8-18	18
B-G Airport	30	5-19	19
Jericho	42	5-21	22
Gaza	62	10-19	19
Beer Sheva	37	4-19	19
Eilat	25	9-21	22

SOCIAL & PERSONAL

President Herzog and his wife Aura yesterday held a private luncheon for Brian Urquhart, who has concluded his service as deputy secretary-general of the UN.

Cabinet approves envoy to Spain

The cabinet yesterday approved the appointment of Shmuel Hadas as Israel's first ambassador to Madrid. Foreign Minister Shamir said that Spanish Premier Felipe Gonzalez had already assured Prime Minister Peres personally that his government would approve the Hadas appointment.

In view of Gonzalez's assurance, the cabinet made the Hadas appointment public, although traditionally such publication awaits confirmation from the other country.

Meanwhile, Spanish Foreign Minister Francisco Fernandez Ordóñez sent a telegram to his Israeli counterpart Yitzhak Shamir yesterday in which he expressed his "deep satisfaction" at the establishment of diplomatic relations between the two countries.

IDF officers at 'Moonie' meet

By MARK SEGAL

TEL AVIV. — Former NATO Secretary-General Joseph Luns said last night that NATO countries have been more responsive lately to joining the U.S. in coordinating world action against state-sponsored terrorism. Speaking at the International Security Council's three-day discussions on "State terrorism and the international system," Luns expressed his strong skepticism about any likely U.S. action against terrorism.

Luns was the opening speaker of the ISC meeting at the Hilton Hotel here. ISC's head, Joseph Chubb, formerly of U.S. Air Force intelligence, introduced Korean-born B. H. Pak, president of *The Washington Times*, as spokesman for the sponsors.

The official programme gave as ISC sponsor Causa International, founded in 1980 by the Reverend Sun Myung Moon, head of the Unification Church.

Conspicuous among the retired U.S. major-generals and former Latin American diplomats were 15 uniformed IDF officers brought by IDF spokesman Tat-Aluf Efrain Lapid. ISC's Israeli office director Shaul Ramati introduced a mainly right-wing Israeli delegation which included Tzvi Elpeleg, ex-herut MK Yosef Ram, columnist Shmuel Katz, and former head of Lekem — the Scientific Liaison Bureau, Rafael Eitan.

HOME NEWS

Prime Minister Peres to British fundraisers:

Rather risk Taba than peace with Egypt

By JERRY LEWIS
Jerusalem Post Correspondent
LONDON. — Prime Minister Peres said here that if he had to choose between risking the loss of Taba and risking the peace with Egypt, he would choose the former.

Speaking at a Joint Israel Appeal fund-raising dinner here on Saturday night, the last evening of his five-day official visit to Britain, Peres said:

"If I have to risk one of the two, let's not risk the peace." The government has decided to give Egypt a chance to gain prestige even if it means risking the loss of a piece of land on which Israel has built a hotel, he said.

Turning to the general issue of peace, he said Israel, through indirect contacts, had achieved a "level of understanding" with King Hussein of Jordan. The King wants to pursue a policy of accommodation between the two countries and the Palestinians, Peres said.

But Peres added: "I don't think that the king is doing us a favour or that we are doing him a favour. We are not a charity organization. We do not distribute favours." Israel needed peace, he said, and he believed the king had the same need.

He acknowledged the U.S. role in helping to achieve progress during the last few days, an allusion to his late-night meetings with American Assistant Secretary of State Richard Murphy.

Peres welcomed the "extended hand" of Britain and said that Britain had awakened to the truth about the PLO after two leading members of that organization had refused to sign a declaration recognizing Israel.

On Arab-Jewish relations, Peres said: "You can't be a Jew and racist at the same time. You can't be a Jew and hate other people simply because they are not your own." Israel's enemies were not the Palestinians or the Arabs. "Our enemy is belligerence, violence, terror and lack of comprehension."

JIA president Trevor Chinn announced that, in addition to its help for Project Renewal in Ashkelon, the JIA was helping towns in northern Israel and is shortly to fund the development of Dimona.

Peres started his last day here with an address to the monthly meeting of the Board of Deputies of British Jews. He discussed the role of the PLO and explained why Israel would not talk to that organization despite the urging of many countries, especially in Europe. Peres said America had stipulated three conditions for negotiations with the PLO: renunciation of terror, acceptance of UN Resolutions 242 and 338, and recognition of the State of Israel.

Europe meanwhile hoped that the PLO would change its stance. Many people, he acknowledged, had changed their view on the PLO in the

hope that the PLO would change too. But it had not done so. "Not on its charter, or on terror, or in its attitude towards 242 and 338, or on dealing peacefully with Israel."

Peres noted that recently "Europe has adopted a healthy air of scepticism about the PLO. While respect for King Hussein remains as strong as ever in Europe, the anticipation that the PLO will change is at sea level, though sometimes it doesn't look like normal sea level but Dead Sea level."

The PLO is the greatest obstacle to peace, Peres said, the greatest danger to the Palestinian people.

It was the PLO that had torpedoed all chances for negotiations to solve the Palestinian problem. Peres later met with a number of potential immigrants from various parts of Britain before travelling to Blenheim Palace and on to Oxford for lunch with Sir Isaiah Berlin.

Blistery winter weather greeted Peres on his arrival in Britain, but he left on the last leg of his current European tour, to West Germany, amid glorious sunshine. The sunny weather was exactly as he had described the welcome and atmosphere in Britain, at a reception he gave last week attended by Prime Minister Thatcher. He had arrived feeling it was winter, but judging by the warmth of the new relationship between the two countries he was leaving feeling it was like summer, he said.

Herut ministers may vote to co-opt Liberals

By SARAH HONIG

Post Political Correspondent

TEL AVIV. — The Herut ministers are to meet this afternoon at Vice Premier Shamir's office to set a new date for their party's convention and possibly to propose an almost immediate merger with the Liberal Party.

The Liberal Council is expected to convene on Thursday to vote on a proposal that the Likud Knesset list be split if no Herut move towards rapid unification is evident by then.

Sources close to Shamir told *The Jerusalem Post* last night that they trust that an agreement will be reached to schedule the convention for early May. They argue that it would be preferable to hold the Herut convention after the April Labour Party convention, so as to be in a better position to appraise the mood in Labour and to judge that party's sincerity about implementing the rotation agreement.

Deputy Premier David Levy has said that he will agree only to "a technical delay of some two weeks" from the previous February 16 date. Nevertheless, the Shamir side, is confident that Levy will agree to a May date.

The Herut ministers may also

touch on the thorny issue of the Liberals' demand for an immediate merger of the Likud components. Shamir is promising the Liberals "a very clear signal that a very early date for their party's convention and possibly to propose an almost immediate merger with the Liberal Party."

Sources close to Shamir maintain that the "Liberal question is no longer problematic. It is accepted by all in Herut now that there is no point in quibbling about percentage points of the Liberal share of the Likud cake. No matter what we do, the Liberals will be over-represented anyway. The idea now is to limit the application of the Liberal quota to one Knesset term only."

If indeed there is agreement about this formula at the Herut ministerial meeting today, the party's committee of nine, which has been deliberating the merger issue, will be summoned to meet almost immediately to approve the new proposal. This will be followed by yet another meeting between Shamir and Liberal leader Yitzhak Moda'i before Thursday. If Moda'i agrees, a merger could possibly be announced this week or next week. *The Post* was told.

Shahal insists on price cut for heavy fuel and electricity

By AARON SITTNER

Jerusalem Post Reporter

Energy Minister Moshe Shahal yesterday stood firm in his intention to bring fuel and electricity prices down in line with the drop of world crude oil prices.

At a stormy cabinet meeting, in which he and Finance Minister Modai shouted at each other, Shahal told his fellow ministers that it was imperative that the price of mazut — the heavy oil used by industry — and electricity rates be reduced by 5 and 3 per cent, respectively, if the government is to maintain its credibility.

Shahal said it was "absurd" that Israeli industry is still paying between \$160 and \$170 a ton for mazut, which costs \$91 a ton in Europe.

But Modai — himself a former

minister of energy — objected on the ground that such price reductions would not be in line with Israel's price freeze.

When Moda'i accused Shahal of "procedural violence" in conducting the affairs of his ministry, Shahal countered, "The finance minister's problem is that, like an ex-army officer, he considers himself also a reserve minister of energy and infrastructure." Last week Shahal told a meeting of ministry spokesmen that if Moda'i wants to change jobs with him, he would gladly agree.

Shahal last night said that his order to reduce fuel and electricity prices stands, with electricity reductions effective retroactively to January 1, and the mazut reductions retroactive to January 15.

Shultz sees 'progress' in peace process

By WOLF BLITZER

Secretary of State George Shultz says "progress has been made" in arranging new Middle East peace talks involving Israel and Jordan.

But in an interview published yesterday in *The New York Times*, Shultz said that two major issues — which Palestinians would take part, and the exact format for the negotiations — "remain difficult."

The secretary, who did not provide details, said the prospects had been enhanced by recent discussions in Europe by Assistant Secretary of State Richard Murphy with Prime

Minister Peres and Jordan's King Hussein.

In the interview, Shultz strongly defended the administration's proposed \$1 billion arms sale to Jordan. He said it was "very much in the national interest of the U.S.," although he said he knew "full well" that many in Congress do not want to proceed with the sale until peace talks with Israel begin.

Indicating that the sale, due to go ahead on March 1, might possibly be postponed, Shultz said that "we want to win" if there is a vote in Congress, "so we're struggling with the problem."

Scottish soccer squad here, minus stars

By PAUL KOHN

TEL AVIV. — The Scottish national football team, which reached the world cup finals in Mexico, arrived here last night to play against Israel at Ramat Gan stadium tomorrow. Kickoff is at 4.45 p.m.

The Scots arrived with 18 players, but without Gordon Strachan and Arthur Albiston of Manchester United, and Frank McAvennie of West

Ham, who have to play for their clubs in mid-week cup tie replays.

Jim Leighton, "Scotland's greatest goal-keeper of all time," according to Ferguson, will be in the line-up.

The Israel team will hold a training session today. There were doubts yesterday about the fitness of striker Zahi Arneli, who was injured on Saturday.

HOME NEWS IN BRIEF

Ministry issues warning against anti-depressant

Jerusalem Post Reporter

The Health Ministry warns persons using the anti-depressant drug Meritol to stop taking it immediately, and to consult their doctor about taking an alternative drug.

The pills, manufactured by the Hecht company in West Germany, may cause hemolytic anemia and other difficulties, the ministry said.

The ministry was informed of the problem by the company yesterday. More information may be obtained from the pharmacology unit of the Health Ministry. (02) 667-207.

New peace group

A committee to prove that Jews from Islamic countries want peace with the Arabs was formally established at a press conference in Jerusalem yesterday.

The Committee for Israeli-Palestinian Dialogue said it aims to show the falsity of the generalization that Jews from Islamic countries "hate the Arabs."

Among the committee's members are Latif Dori, who is in charge of Arab affairs in Mafum, and Dr. Shlomo Elbaz, a lecturer in comparative literature at the Hebrew University.

Levinsky College to grant academic degrees

Jerusalem Post Reporter

TEL AVIV. — The Levinsky College of Education has been formally recognized as an academic institution of higher learning and may now grant B.Ed. degrees.

Levinsky principal Dr. Abraham Rocheli explained at a press conference yesterday that the college was the first to request academic status for teachers in kindergartens, elementary schools and special education.

A son — at last

SDEROT (Itim). — "If it's a boy I'll be his godfather," President Chaim Herzog had promised the expectant Barams, who already had 10 children — all girls. Herzog made the pledge last week on a visit to this Negev town, 14 km. south of Ashkelon, and over the weekend Susan Baram gave birth to a boy.

The local residents are wondering if Herzog will keep his promise. Herzog told the head of the local council yesterday by telephone that since the *brit mila* (ritual circumcision) is scheduled for this Saturday, and since he does not travel on the Sabbath, he does not know if he will be able to attend, because it will mean having to spend the entire weekend in Sderot.

Wizo parents' home opens in Tel Aviv

TEL AVIV. — Wizo's first parents' home, Beit Hahavera, was opened yesterday in a ceremony attended by Health Minister Mordechai Gur, Tel Aviv Deputy Mayor Yigal Griffl and delegates to the World Wizo conference.

The facility, accommodating over a hundred residents and located in the heart of Tel Aviv, was made possible by Paula Gold de la Onesco, who donated \$1.5 million in memory of her husband Alexander.

Basketball result

Kevin Magee popped in 33 points and Lee Johnson, 20, to lead Maccabi Tel Aviv against a stubborn Elitzur Netanya 92-86 in a National Basketball League game at Yad Eliahu last night.

After the game Maccabi Tel Aviv's ace centre Magee was taken to Ichilov Hospital for treatment of severe shoulder injury sustained towards the end of the game, in a collision with another player.

ARAB BOYCOTT

(Continued from Page One)

ign Office "authenticates" the signatures of notaries on documents that British companies must show Arab importers to confirm that the goods about to be exported have had no connection with Israel.

The Foreign Office has always maintained that it totally opposes all forms of economic boycott and in particular the Arab boycott. But as recently as December it refused to reconsider its policy.

While a Foreign Office spokesman would not confirm the *Observer* report, *The Jerusalem Post* has learned that a formal announcement

is likely to be made to the House of Commons by way of a written answer tomorrow.

The change did not surprise Israeli diplomats here. They knew that the Foreign Office had undertaken a review of policy concerning Israel and the Middle East prior to Peres's arrival, and that of all the bilateral questions he raised, the one concerning the boycott was the most likely to lead to a change.

But it would appear that, for the present, at least, policies concerning the arms embargo and refusal to sell Israel North Sea oil will not change despite Peres's requests.

SETBACK FOR LAVI

(Continued from Page One)

stage and at the top of the Air Force's order of battle, and a cheaper and less sophisticated aircraft than the Lavi as a "workhorse" on the lower scale.

Another cardinal factor is the cost of each Lavi — which is expected to be a minimum of \$22m. and possibly as high as \$45m., if only 150 of the aircraft are built. This is approximately four times the cost of America's super-sophisticated F-16C, which has been offered to the IAF. The Air Force would now clearly prefer to purchase the F-16C as a basic platform, and to invest additional money in Israeli avionics and

electronics to tailor it to Israel's needs.

What may keep the Lavi alive is the support it had from Rabin and other key members of the inner cabinet. These ministries are concerned about the impact the cancellation of the programme may have both on Israeli industry and on Israel's credibility in the U.S.

Also at the heart of the problem is the question whether the Americans will agree to the \$300m. designated for the development of the Lavi being used for other projects. An answer to this question is still pending.



The body of a 53-year-old Ramat Gan resident found by police yesterday in the back seat of the car retrieved from the artificial lake in Tel Aviv's Hayarkon Park. There were no signs of violence on the body. (Arie Brumman)

Cabinet discusses planned Hassidic school in Galilee

Jerusalem Post Reporter

Objections by many residents of the Lower Galilee village of Yavne'el to the proposal to build a Breslau Hassidic educational and residential complex there, came up at yesterday's weekly cabinet session.

Minister-without-Portfolio Yosef Shapira asked Justice Minister Moshe Nissim whether there was any possible legal basis to the objections sounded by residents and by local council members.

Nissim said that fixed legal criteria exist, governing the purchase of land and buildings, as well as the establishment of complete housing projects. The fact that the would-be residents of Yavne'el are Breslau Hassidim is irrelevant, Nissim said. The only important factor is whether their actions in seeking to reside there, or anywhere else, comply with

the laws and regulations, he said.

Shapira told *The Post* last night that reports about the protests in Yavne'el convinced him, in his mind, the whispering campaign in the Swiss resort town of Davos and St. Moritz, about the Antwerp Jewish diamond dealers taking their holidays there.

Shapira said "Secular Jews must show every possible tolerance towards religious Jews. Meanwhile, religious Jews must make sure that fringe elements do not tarnish the image of the entire Orthodox community by irresponsible actions."

He said that Orthodox groups could not be "locked out" because of their views or their demands. "Thirty years ago religious Jews kept a low profile because they lacked understanding and strength. Today they stand up for what they believe in, and don't keep silent."

WJC cautious but hopeful on emigration of Soviet Jewry

By MOSHE KOHN

Two months are not enough in which to judge Soviet hints regarding liberalization towards Jews wishing to come to Israel. World Jewish Congress executive director Israel Singer said yesterday.

Speaking at a news conference in Jerusalem, Singer said he is "not ready to make the final accounting" of reported Soviet promises to WJC leaders on Jewish emigration.

The press conference was called to announce the opening of the WJC's 50th anniversary 8th Plenary Assembly at the Jerusalem Hilton Hotel today.

Singer reported that, during a recent visit to Moscow, he and WJC president Edgar Bronfman had met with 12 refugees, all of whom, he said, had urged them to continue talking to Kremlin leaders.

He was optimistic about the long-range outcome of the WJC-Kremlin dialogue because, he said, "when

there is dialogue, some good must come of it."

In another development, Jewish Agency and Soviet Jewish activists told *The Jerusalem Post* last night that they had heard nothing about a report that the Soviet authorities had just granted or were about to permit 50 refusenik families to leave for Israel out of a list of 100 submitted to them by former West German chancellor Willy Brandt.

The report was circulated by Acre Mayor Eli de Castro, who said he had just received a letter from Brandt containing this news. De Castro had written to Brandt at the suggestion of the mayor of Acre's twin city in West Germany, Recklinghausen.

The Soviet Jewish sources here thought the report might be another phase in what they contend is a Kremlin disinformation campaign concerning liberalization of its emigration policy.

Ya'ari child-support suit in J'lem court

Jerusalem Post Reporter

Hava Ya'ari, held in police custody since January 9 on suspicion of murdering American tourist Mela Melavsky, was brought yesterday to the Jerusalem District Court which considered a child-support suit initiated by Ya'ari against her husband Ehud.

The Jerusalem court last week issued a restraining order preventing Ehud Ya'ari from leaving the country. In a closed-door session, attor-

neys for the couple worked out preliminary terms of the Ya'ari divorce agreement. The couple have been married since 1968.

Ehud embraced his wife as some 10 police guards escorted her into the judge's chambers. "Look what she did to me," a trembling and sobbing Hava Ya'ari said, referring to Aviva Granot, the second suspect in the Melavsky killing. Granot has blamed Ya'ari for the 58-year-old tourist's death.

Bomb explodes at pizzeria in capital

A small bomb exploded yesterday evening at Richie's Pizzeria, a restaurant in downtown Jerusalem, but no one was hurt. Several Arabs were questioned briefly by police.

The bomb had been planted in a

rubbish bin in one of the restaurant's lavatories. People at the scene speculated that Arab terrorists might have selected the restaurant as a target because it is frequented by Americans who support Kach.

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The funeral will take place today, Monday January 27, 1986 at 3.30 p.m. at the Kfar Shmaryahu Cemetery.

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'It's a social revolution as the patient is now able to lead a normal life'

Do-it-at home dialysis unit made in Israel

By LIORA MORIEL
Jerusalem Post Reporter

ASHDOD. — Dialysis for the 1,200 people in Israel who suffer from kidney failure has been revolutionized over the past two-and-a-half years by the introduction of a home hemodialysis unit made at the Travenol Laboratories here.

"We in Israel were in the vanguard of testing this method, right after the U.S. and Europe," says Dr. Shmuel Freeman, the company's manager of technological services. When the method was tried here initially, only 70 patients were involved. Now, only 36 months later, 240 patients use the method and the company believes that it is suitable for 600.

"The quality of home hemodialysis is at least equal to that of conventional hospital dialysis, but has the advantage of costing half as much and allowing the patient to lead a normal life," Freeman said. "Only four 10-minute sessions are required."

Dialysis involves the removal of toxic substances from the blood of individuals whose kidneys have stopped functioning. Continuous ambulatory peritoneal dialysis (CAPD) uses the patient's peritoneum — the membrane lining the abdominal cavity as the medium of transfer.

In a short operation, a plastic tube to which a catheter is attached is inserted into the abdomen for the cleansing fluid exchange.

The CAPD has no batteries or other parts that need constant attention. If sterile conditions are not maintained, however, the patient is susceptible to infection.

It was originally assumed that Third World countries and underdeveloped societies would not be able to take advantage of the breakthrough. But Prof. Cidio Chaimovitz, head of the nephrology department at the Soroka Medical Centre,

in Beersheba, has proved this assumption false.

The hospital, the only one serving the Negev's population of 250,000 (of whom 50,000 are Beduin), treats 80 dialysis patients. Today, 40 of these patients, including six Beduin, use hemodialysis at home.

"The best treatment for kidney failure is a successful transplant," Prof. Chaimovitz told *The Post*. "Otherwise, dialysis is the only solution. Today, without a shadow of doubt, the CAPD is the best method for those who are suited for it emotionally, economically and socially."

The Soroka team, headed by Chaimovitz, introduced CAPD to Beduin in far-flung campsites and proved that, with patience and goodwill, as well as proper on-site instruction, even people who live without running water and sewage disposal systems can benefit from medical advances. Everything the patient needs, whether at home in the city or in a tent in the middle of nowhere, is supplied by the Trevinol plant here, a subsidiary of the Chicago-based Baxter-Travenol Laboratories, the first to introduce the CAPD unit five years ago.

"The method is applicable everywhere," said Chaimovitz, who returned to his native Brazil recently to introduce the method there.

Freeman and Chaimovitz both emphasized that the new method represents a social, as well as a technological revolution. Many kidney patients develop dependency on the hospital, but with the new technique, the patients agree not to be in the hospital and the physician agrees to transfer his authority to the patients at home.

In most countries, dialysis is not given to everyone. In Britain, for example, patients over 65 are not eligible for it as a free government service. "Once a country decides to fund dialysis — and Israel is liberal in this respect — the CAPD method is



The hemodialysis unit in operation.

(Jacob Katz)

good because it cuts the public costs by half," said Freeman.

In Israel, where public health costs have spiraled in the past 20 years, home dialysis for half the 1,200 people who need treatment would mean an annual saving of \$4m.

But dollars-and-cents logic alone is not enough to sway anyone in Israel: "There is an unrealistic price tag for hospitalization in Israel which effectively means that it is cheaper

for a patient to be sent to the hospital than to get alternative site treatment. Thus, a health fund will send a patient to a government hospital rather than bear the cost of home care," noted Freeman.

"In Beersheba, this is not the case because it is the only place in the country where the health fund [Kupat Holim] and the Health Ministry work hand-in-glove. So Soroka is a leader in innovative medicine."

Pistol-packing musician-critic is honoured

Jerusalem Post Reporter

True, Yohanan Boehm, one of the 12 Jerusalem residents honoured yesterday as *Yakir Yerushalayim* ("Worthy Citizen of Jerusalem") is known as a tough *Jerusalem Post* music critic. But why did he come to the office last Friday packing a pistol?

It turns out that Boehm is active in more areas than anyone with his nose in newsprint would guess. Every Friday morning, for instance, he does a four-hour stint in an auxiliary volunteer unit of the Jerusalem police force. It was set up in 1969 by Hagana veterans to increase preventive measures after a spate of terror attacks. "Lots of duties and no rights," Boehm complains with pleasure, and sticks out his foot. "But after 16 years I got a free pair of shoes."

He was a sergeant in the British Army, a sergeant-major in the IDF; his two daughters are officers in the police force — a captain and a major.

Boehm, who states his age as "71½," is squarely built, with fair skin and white curly hair. His blue eyes are guarded, then begin to glimmer as he reminisces.

He was born in Breslau, then in Germany, and studied music privately — theory, piano and French horn. His studies were interrupted when the Nazis came to power, and

he arrived in Palestine in 1936, with an immigration certificate awarded him as a music student. His father had died in 1925; his mother and brother, thought to be "safe" in Czechoslovakia, ended up in Auschwitz. His sister, who was in the underground in France, lives today in the U.S.

In 1938, Boehm joined the radio orchestra, playing the horn and piano, and assisting the conductor of the radio chorus. In the '50s, he served as assistant director of the music department of Kol Zion Lagola, the Jewish Agency's radio station broadcasting abroad. The '50s were also his most fruitful period for composing — two symphonies, a concerto for oboe, a concerto for English horn and other chamber pieces which were recorded for radio and are still played.

"I never really studied composition," says Boehm. "Though it helped that I was in the orchestra. Sometimes I would forget to come in on the horn because I was busy studying the score."

He describes his compositions as "19th century music with a few wrong notes in it" — harmonic, melodic, with "no surrealism, no electronics." He gave up composing when, he says, "I felt I no longer had anything to say for myself." But he misses it.

Ironically, when he first came to *The Jerusalem Post* for a job as critic,



Yohanan Boehm (Rubinger)

he was turned down by then-editor Ted Lurie, who suggested that he work for the municipality in developing a music education programme for children. "At first I thought, 'What, me a highbrow, working with marching bands?' But the job turned out to be a 20-year endeavour that has been one of Boehm's greatest contributions to the city — building five or six bands which integrated children from all backgrounds, taught them cooperation and channelled their energy, aside from teaching them to appreciate music."

For years band practice was held in schools around town — "with poor acoustics and complaining neighbours." After years of pressuring his

friend and mayor Teddy Kollek for new premises, Boehm managed to see his bands in the new Alpert Youth Band House in the Ben Hinnom Valley — "a month before I was pensioned off in 1979," as he puts it.

Boehm has actively encouraged young and immigrant musicians — with informal advice and officially, as a member of the board or of juries of various music foundations. But he is also involved with young people in a non-musical field: as a volunteer at, and most recently as chairman of the board of the Alyn Hospital for handicapped children.

He says he first learned about Alyn from a fellow Freemason, Prof. Edgar Heilbrunner, who was the second medical director of the hospital. But his first actual contact came by fluke, when he was a civil defence worker, and the headquarters happened to be at the hospital, then in San Simon.

Boehm, who finally did get a job as *Post* music critic 30 years ago, sees himself as tough, but says "the older I get the more I try to avoid hurting people unnecessarily." Regarding the claim that Israeli musicians have to go abroad to achieve recognition, he says: "Jews are a much more demanding audience. It isn't just a matter of jealous colleagues."

His own experience as a musician helps him as a critic, he adds, "I know what stage fright is. And I don't count wrong notes."

Ministers meet this week on controversial issue

Six months of summer time suggested

By AARON SITTNER

The first shot in this year's "Battle of Summer Time" will come on Wednesday of next week, when Energy Minister Moshe Shahal meets with Interior Minister Yitzhak Peretz to seek his agreement on when to begin the annual advancing of clocks, and when to end it.

Shahal will propose a 182-day span, from March 27 through September 29. According to Energy Ministry fuel conservation experts, such a daylight-savings-time period would save the country \$6 million in electricity costs, or 1 per cent of the annual nationwide expenditure.

The experts say that last year's summer time — which lasted 140 days — resulted in a direct savings of \$4.6m. in electricity.

Traditionally, ministers of interior have balked at declaring summer time, claiming that it would create difficulties for Orthodox Jews, who would not have sufficient time to attend morning synagogue services and get to work on time if the clock is put ahead by an hour. The *Shaharit* (morning) prayers may not commence before daybreak.

Another argument against summer time — also from the Orthodox camp — is that many businesses that



Energy Minister Shahal...some religious objections anticipated. (Harari)

open on Saturday evening, such as cafés and cinemas, may begin operating before sundown in view of the relatively late hour the Sabbath ends.

Though Rabbi Peretz's views on Shahal's proposed dates are still not known, Shahal has anticipated some of the religious objections by proposing that summer time end about a week before the onset of the High Holy Days. This would allow an extra hour for worshippers to attend the dawn *Selichot* penitential prayers that begin on the Sunday morning

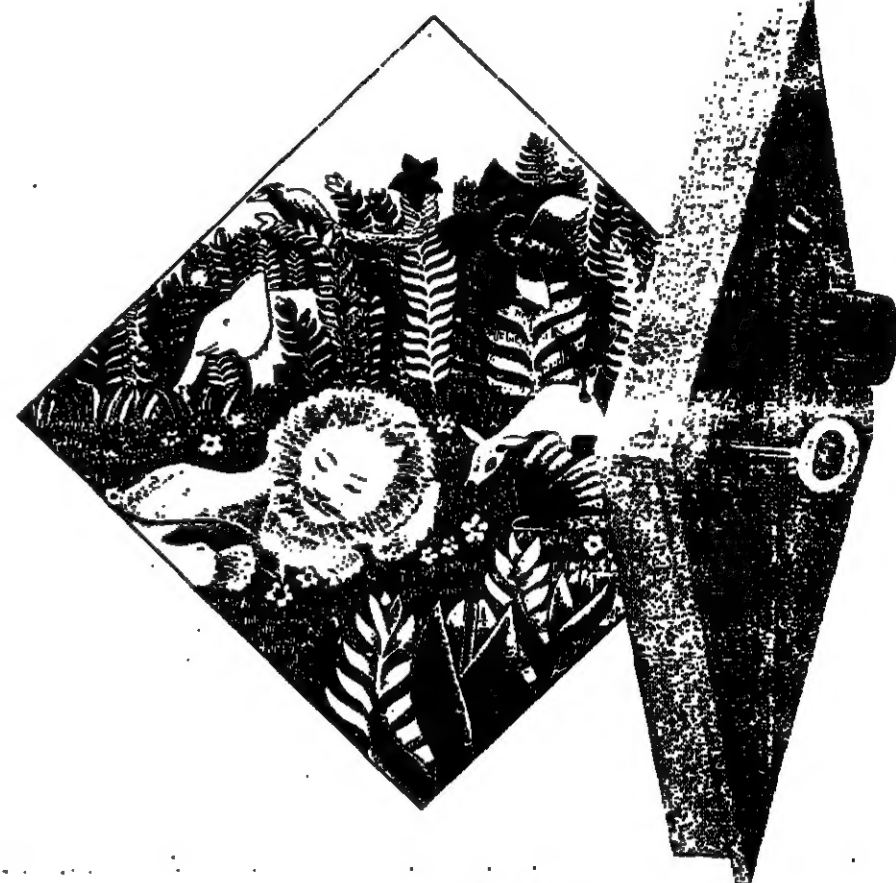
before Rosh Hashana.

In a public opinion poll conducted by the Technion last month, 90 per cent of all the respondents approved last year's summer time. Among Orthodox respondents, however, only 70 per cent favoured the idea.

Summer time in 1984 lasted for only 98 days. It was reluctantly implemented by then interior minister Yosef Burg, after several legal battles.

Though both sides in the summer time argument point to studies that purport to prove the advantages or disadvantages of summer time in terms of productivity, health and safety, nobody disagrees with the fact that there is a real saving in energy expenditures.

Yosef Nowersky, director of the Energy Ministry's conservation department, told *The Jerusalem Post* that the most important economy comes in cutting down the use of air conditioners. Since more and more air conditioners are installed each year, every hour's cut will result in growing savings in electricity consumption, he explained. In fact, Nowersky thinks Israel should adopt "double summer time," in which clocks are moved ahead by two hours instead of one.



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Orna Harmon (Shimri) Nitzan

Welcome

to the Delegates of the World Jewish Congress Plenary Assembly and to the participants of the World Conference on Soviet Jewry Presidium meeting:

Appreciating your efforts on behalf of Soviet Jewry, we wish to caution you against unfounded and dangerous hopes for the good will of the Soviet authorities. Until now, all attempts at quiet diplomacy have not succeeded in easing the plight of our brethren in the USSR; rather, upon being publicized, these earnest efforts have unfortunately been used by the Soviets in their public relations campaign and prompted premature optimism in the world Jewish community. Due to this optimism and to the cooling off of the public campaign for Soviet Jewry, the historical opportunities to pressure the Soviets offered by this year's summit meetings were lost. The Jewish world must not miss these opportunities again: The Soviet Communist Party Congress in February provides our chance to exact a Soviet commitment to change its policy and finally allow Jews their right to emigrate.

The fact that the prominent activist Eliahu Essas was permitted to come to Israel due to your efforts does not signal a change in Soviet Policy on Jewish emigration. We all celebrate together each and every Jew rescued from the claws of Soviet authorities, but this joy must be tempered by the suffering of many others still struggling in the USSR.

We urge you not to rely on Soviet promises and not to support any positive gestures toward the Soviet Union before it actually changes its policy toward emigration and releases its Jewish hostages. Please mobilize your respective communities to press on with an even more vociferous campaign on behalf of Soviet Jewry.

We recognize the importance of exploring all avenues including all forms of negotiations, in securing the freedom of our brethren in the Soviet Union. At the same time we feel that we must remain vocal until such diplomatic efforts bear fruit. Wishing you productive discussions.

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Israel 35's Women's Campaign for Soviet Jewry
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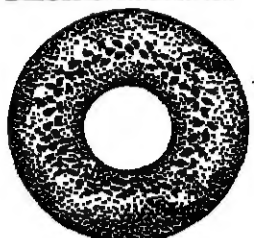
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FOREIGN NEWS

Rebels claim capture of Ugandan capital

NAIROBI (AP). — The rebel National Resistance Army of Uganda announced the fall of the capital city of Kampala yesterday and vowed to take control of the entire country. Government soldiers were said to be retreating towards Kenya and north towards Sudan, assaulting and robbing civilians as they fled. An unconfirmed report said thousands of government soldiers were regrouping at Jinja, 80 km east of Kampala, under Gen. Tito Okello, chairman of the military council that took over after a coup six months ago. Eriya Kategaya, NRA secretary for political and diplomatic affairs, said at a news conference in the capital that the rebels had captured "the whole of Kampala."

The NRA victory brought jubilant Ugandans into Kampala's streets in celebration, Western diplomats said by radio with embassies in Nairobi.

Kategaya said NRA commander Yoweri Museveni's entrance into the city was subdued and without fanfare. He refused to give any other details of the rebel commander's arrival in Kampala after a five-year bush war against two different governments. Museveni, a former defence minister, began fighting in 1981 against the government of civilian president Milton Obote. When army officers overthrew Obote last July and formed a military council with Okello as its chairman, four insurgency groups joined the new government but the NRA refused to cooperate. It took control of the southwestern third of Uganda and issued periodic threats to march on Kampala.

Thatcher says gov't crisis won't make her step down

LONDON (Reuters). — Prime Minister Margaret Thatcher, entangled in the worst political crisis of her career, signalled yesterday that she had no intention of resigning over suggestions that she had misled parliament and the nation. "I think I will know when it's time to go. I do not think that time has come," she said in an interview on British commercial television. Thatcher, her government shaken by two resignations in two weeks, cancelled a weekend in the country to prepare for an emergency debate today on her handling of a disputed rescue bid for Britain's sole helicopter maker, Westland.

The opposition Labour Party, scenting blood, has accused her of misleading parliament over her role in the much-criticised leaking of a confidential letter from a government law officer. It has demanded her resignation.

Aden busy burying its dead

ADEN (Reuters). — Bulldozers removed charred tanks from the streets of Aden yesterday as the South Yemeni leaders controlling the city organised mass burials for victims of bloody battles between rival Marxist factions. There was no word on the whereabouts of President Ali Nasser Mohammed, said by his hardline opponents two days ago to have been ousted and replaced by Prime Minister Haider Abubaker Al-Attas.

Aden Radio said Attas yesterday chaired a cabinet meeting which set up a committee to assess damage in the city of 350,000 people after 12 days of fighting in which up to 10,000 may have died. Mass burials were being held yesterday, government offices, banks and schools stayed shut. But shops were open. And bulldozers removed charred tanks and wrecked cars from streets. In neighbouring North Yemen,

(A radio station apparently broadcasting from Abyan and monitored in the North Yemeni capital of Sanaa said Nasser Mohammed had given his opponents until Wednesday to surrender or face attack). No Arab state has so far announced recognition of the new leadership in Aden. Aden sustained enormous damage in nearly 12 days of tank and artillery battles, the bloodiest since the country gained independence from Britain in 1967. Arab and western diplomatic sources in Sanaa said about 12,000 persons were killed and nearly twice as many injured in the fighting. The outwardly triumphant rebels meanwhile projected an "absolutely tranquil" situation in South Yemen.

West Germany develops new high-speed body scanner

MUNICH (Reuters). — A high-speed body scanning process which could revolutionize diagnostic medicine has been developed by the Max Planck Society's Institute for Biophysical Chemistry, the society said last week. The new process, adapted from Nuclear Magnetic Resonance (NMR) scanners used increasingly in hospitals, allows successive sectional body scans to be made within seconds instead of the several minutes now needed, the society said. It also enables three-dimensional images of scanning exposures to be presented on computer screens. The society said the comparatively long interval needed by NMR machines restricts their application — for instance in chest or abdominal use, where heart or intestinal movement blurs images and makes them of little value for diagnostic purposes.

The new process speeds up scanning 100-fold and enables, for example, effective examination of heart and kidney functions, the society said. It holds out great promise for diagnosing heart ailments, it said, when used with an electrocardiograph. Some 50 exposures a second can be made with a modified NMR scanner to capture exposures at a specific moment in the heart cycle.

Extortion-and-bribe case rocks Ed Koch's New York

NEW YORK (Reuters). — Mayor Edward Koch's administration has been rocked by a parking-ticket scandal. The affair has given Koch his biggest embarrassment in nine years in office, leading him to declare "I'm shocked," so often last week that one columnist suggested the phrase be made the city's motto. The scandal involves charges that politicians from the Borough of Queens extorted hundreds of thousands of dollars to award contracts to firms to collect unpaid parking tickets. Involved as well is the integrity of the city government — which under Koch has been up to now relatively free of scandal — and the ethical question whether politicians should be allowed to do business with the city. Law-enforcement officials say that they expect this to be only the beginning of a scandal that will dominate headlines here for months to come.

The scandal began late in December when an arch-swindler cooperating with the FBI in an investigation of corruption in Chicago taped a boast from a businessman saying he bribed New York officials. Then on January 10, Donald Manes, the Democratic borough president of Queens and an ally of Koch, was found in his car with his left wrist and left ankle slashed. He was bleeding so badly he almost died. A few days later, a Manes protégé, Geoffrey Lindenauer, deputy director of the city's Parking Violations Bureau, was indicted for taking bribes from an agency that collects unpaid parking tickets. Manes maintained the cuts were inflicted by two men who tried to kidnap him. But last week he changed his story and said he had inflicted the wounds on himself in a suicide bid. The dust had hardly settled when Michael

U.S. reportedly holds new KGB defector

NEW YORK (Reuters). — A former high-ranking Soviet intelligence official has been providing the U.S. with important information since he defected to the West last year. The New York Times said yesterday. The newspaper quoted congressional sources as saying the KGB defector escaped by helicopter last spring from East Germany. One source said the Soviet official had proved to be much more valuable than Vitaly Yurchenko, a Soviet defector who returned to Moscow late last year.

Shake-up continues with ouster of Soviet minister

MOSCOW (Reuters). — A former head of the KGB security police, Vitaly Fedorchuk, has been removed as Soviet Interior Minister, but experts in western embassies are unsure if his political fortunes have taken a turn for the worse. The removal of Fedorchuk, 67, was reported by Soviet television on Saturday night and in yesterday's Pravda. A brief announcement said he had been transferred to other work and had been replaced by Alexander Vlasov, 54. The switch continued a far-reaching shake-up of party and government ranks which Gorbachev launched after he was elected party leader last March.

Rightist favoured as Portugal's polls open

LISBON (AP). — Voter turnout was light as the polls opened across Portugal yesterday in elections that will give the country its first civilian president in six decades. One of the four candidates must secure over half of the votes cast to be elected. If no candidate manages such a majority, a run-off election will be held in three weeks between the two leaders in the initial poll. Early favourite in yesterday's voting was Diogo Freitas do Amaral, founder of the country's right-wing Christian Democrat Party and a former deputy prime minister. The three candidates to the left are former prime ministers Mario Soares, Maria de Lourdes Pintasilgo and Francisco Salgado Zenha, a former finance and justice minister.

Three convicted of tossing Arab from train

MONTAUBAN, France (AP). — After two hours of deliberation, a jury convicted three young men of murdering an Algerian who was beaten up, stabbed and thrown out of a moving train. The court sentenced Anselmo Elviro-Vidal, 28, and Marc Beani, 22, to life imprisonment on Saturday. Xavier Blondel, 26, was sentenced to 14 years after the charge was reduced to assault leading to unintentional death. The crime was widely considered to be a racist aggression, Elviro-Vidal, said to have started the November 14 attack, told investigators: "I don't like Arabs. When I see one I feel like hitting him."

Murdoch gets Sunday papers out despite strike

LONDON (Reuters). — Press tycoon Rupert Murdoch yesterday appeared to have defeated printers unions by publishing his two Sunday newspapers at a modern London plant in spite of a strike by 6,000 workers. The Sunday Times and the News of the World rolled off automated presses during the night, the first time British national newspapers had been printed using advanced technology. The print unions walked out on Friday after talks with Murdoch broke down. The strike kept Murdoch's two daily papers, The Times and The Sun off the streets on Saturday.

Bishops collect weapons in South African mass

MAMELODI, South Africa (Reuters). — Some 40 Roman Catholic bishops held an emotional mass in this black township yesterday and collected weapons as offerings in what they said was a demonstration of their solidarity with victims of apartheid. Around 2,000 blacks and whites, packed into St. Peter's Claver Church in Mamelodi, near Pretoria, to hear the bishops appeal for peace and reconciliation. The service was held in a memorial to 25 people who were killed in three last November 24. In a symbolic renunciation of violence, worshippers brought petrol bombs, sjamboks (whips), stones and teargas canisters to the bishops, who threw them into a dustbin.

Groom hacks bride to death hours before wedding

FORT LAUDERDALE, Florida (AP). — A 37-year-old Fort Lauderdale man killed his bride-to-be with a machete on Saturday only hours before they were scheduled to be married in their home, officials said. Three children were in the house at the time of the early morning killing but were not harmed. Eugene Bentley was charged with first-degree murder in the death of 33-year-old Verna Boyd, according to the county sheriff's office. Detectives said the couple, who had been living together in the house for about four months, began arguing on Friday after Bentley allegedly sold their stereo and used the money to buy cocaine. The parade marked the end of an unsuccessful campaign by a Californian agent for American Motors, to persuade the company not to stop making the Jeep.

Last Jeeps roll off U.S. assembly lines

LOS ANGELES (AP). — Mourning motorists paid their final respects Saturday to the Jeep. Production of that vehicle is stopping today. About 70 Jeep CJ's — descendants of the vehicles used by the U.S. Army during World War II — paraded through the streets of Los Angeles with horns blaring and covered with balloons. The parade marked the end of an unsuccessful campaign by a Californian agent for American Motors, to persuade the company not to stop making the Jeep.

SPORTS

Bowl fever

NEW ORLEANS (AP). — Bars laid in gallons of beer, one grocery store sold 2,700 pounds of bear meat, and football fans bought Patriots and Bears paraphernalia, as championship-starved New Englanders and favoured Chicagoans took over this city over the week-end for the Super Bowl.

In party-loving New Orleans, crowds packed the French Quarter on Saturday, waving plastic beer cups and pennants for both teams as rock, rhythm 'n' blues and Dixieland music blared away in what has become a warm-up for Mardi Gras, on Feb. 11.

In Boston, where fans have seen their team eliminated early in three National Football League playoffs, the chance at the big one was intoxicating. "We've been selling thousands and thousands of Patriots T-shirts," said Claire Goldman, a spokeswoman for Faneuil's Department Stores. "We wish there was a Super Bowl every weekend." Beer distributors battled to meet orders.

Bears' followers were just as excited about the first Super Bowl appearance of their team. Chicago's downtown Daley Plaza was re-named Bear Plaza for the occasion, and, despite a forecast for snow flurries and 21° degree temperatures, hundreds of fans were expected to watch the game there on a giant outdoor TV screen. Nearly every tavern in the city planned to accommodate Bears fans who prefer to party indoors with many offering dollar beers, free Bears sweatshirts and oversized TV screens. One nightclub promised to raffle the practice pants of Bears star William "Refrigerator" Perry, Walter Payton and Gary Fencik.

Three real Bears watched the game on television sets across their town at Brookfield Zoo. A restaurant provided football-shaped loaves of bread for them to munch on. Some Bears fans quietly marked the occasion with visits to the grave of former Bears owner and coach George Halas, who died in 1983 after leading the team for 40 years. They left Christmas wreaths, Bears pennants, flowers and even posters of Perry at the family mausoleum.

Lorimer joins us

By PAUL KOHN
TEL AVIV. — Peter Lorimer, the 38-year-old Scottish international footballer who was in Leeds United's glamour team of the 1970s, has converted to Judaism and wants to settle in Israel. He will join Hapoel Haifa as a player if his application is successful. Lorimer, renowned for his mighty shooting from midfield and from spot kicks, has scored five goals for Leeds this season. Lorimer converted to Judaism in the U.S. and applied to become a permanent resident in Israel at the Jewish Agency offices in New York.

Perkis's good start

By JACK LEON
TEL AVIV. — Israel's No. 2 tennis player Shahar Perkis made a most encouraging start to his 1986 Nabisco Grand Prix campaign on Saturday night, with two splendid victories in the singles qualifying tournament of the U.S. Pro Indoor Championships in Philadelphia. He is now one match away from the main draw of the star-studded \$375,000 event. Perkis, 24, won his first match in a five-set thriller, 6-3, 6-3, 6-3, 4-6, 6-3. He then defeated the 1985 Wimbledon champion Bjorn Borg, 6-3, 6-3, 6-3. Perkis is due to meet South Africa's Michael Robertson in his final qualifying match.

At home, Perkis was quick in coming when the Israeli Tennis Association fourth annual, Shmoneh-Sabon winter circuit got under way over the weekend in picturesque settings at the Jaffa Tennis Centre. More than 100 league players are participating in the three-leg series, culminating in a final Master event. The biggest stock was the 6-4, 6-3 second-round defeat of title-holder Sami Doron by Zohar Galon in the 32-draw women's singles. Galon went on to reach the semi-finals, in company with Ilana Berger, Alla Coriat and Shiri Shitrit.

Among the surprises in the 72-draw men's third round matches were Shai Pini's 2-6, 6-2, 7-6 victory over Oded Ya'akov and Doron Barak's 6-4, 6-4 success against Tamer Zaman. Joining them were two in the quarters were Gilad Bloom, Oren Motzkin, Guy Beisel, Raviv Weidenfeld, Michael Daniel and Menashe Tzur. The Jaffa meet concludes next weekend and the circuit then moves to Ramat Hashikma for the winter league return air tickets to the U.S. and Europe.

Crucial basketball

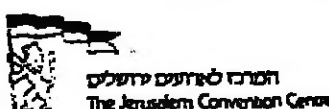
By DON GOULD
The final round of National League basketball tonight is of crucial importance to the playoffs and relegations. The schedule is: Hap RG v Be TA; Elitzur Kir. O. v Mac TA; Hap Ta v Hap Holon; Elitzur Nat. v Hap Holon; Hap Ra v Hap Haifa. CRICKET. — Australia beat India by 56 runs in a one-day World Cup game. Australia 262 for 8 (Wagh 81), India 226 (Gavaskar 77, Shastri 55, Red 5 for 53, McDermott 3 for 20). Sri Lanka 231 for 17 (Wetmore 116 not out) against England B. SOCCER. — FA Cup. Liverpool beat Chelsea 2-1 at Stamford Bridge. Scorer Ian Rush (45). Mark Lawrence (47), David Speedie (63). ATELETICS. — Billy Olson (U.S.) set a new world record for the indoor pole vault of 5.99m. Lorraine Melzer (NZ) won the Osaka women's marathon. China's Zhu Chunhua and Wen Yamin won the men's and women's marathons in Hong Kong. TENNIS. — Wendy White beat Betty Nagehen 6-1, 6-7 (5-7), 6-2 in the final of the Kansas tournament. NBA. — Denver 127, L.A. Lakers 115; Portland 129, Sacramento 125; Utah 130, L.A. Clippers 99; Chicago 133, Phoenix 114; Dallas 123, San Antonio 107; Houston 117, Detroit 112; Seattle 106, New Jersey 99. NHL. — Flyers 1, Blues 0; Oilers 5, Kings 2; Flames 5, Penguins 2; Capitals 6, North Stars 3; Whalers 7, Jets 2; Nordiques 4, Sabres 3; Canadiens 3, Maple Leafs 2.

THE JERUSALEM INTERNATIONAL JUDAICA FAIR

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Galleries of old & modern ritual objects, paintings & graphics, books & manuscripts, maps & archeological artifacts which are connected to Judaica, are invited to participate.

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The Up Side

The Economy May Grow As the Price Of Oil Shrinks

By PETER T. KILBORN

LIKE the oil-price explosions of a decade ago, it was one of those times when conventional wisdom gives way to another shock, this plunge in the cost of oil. Prices for a barrel of oil dipped below \$20 last week, close to half the all-time peak. And even Treasury Secretary James A. Baker 3d said, "We don't know where this thing is going to settle out."

The break in oil prices meant that the Reagan Administration, Paul A. Volcker's Federal Reserve Board and all the economists, business people and stock market investors who thought they knew where the world economy was headed this year had to mull it all over again. Clearly, the usually prescient Dow Jones Industrial Average was taken aback. It dropped more than 34 points through the first three days of the reports on oil, and in the next two days it jumped nearly 28 points, again on news about oil.

Oil is so important to the nation that a significant change in prices can make the economy grow or shrink and inflation rise or fall. So last week, when the Government announced its figures for the overall economy's performance for all of last year and for the last three months, they had to be viewed through a veil of Texas intermediate crude.

The gross national product, Commerce Secretary Malcolm Baldrige said, grew 2.3 percent last year and at a rate of 2.4 percent in the final quarter. The ever-present trade deficit worsened in the quarter, and the inflation rate, as based upon the G.N.P., leaped to 4.5 percent from only 2.7 percent in the second quarter. The numbers added up to a far worse-than-expected performance, and in the inflation figure economists might normally have discerned a worse year to come, with the Federal Reserve pushing up interest rates to slow inflation and in doing so pushing down the whole economy.

But the break in oil prices dissolved many of those apprehensions. The Administration, which has been promising a lively growth of 4 percent this year, could find itself closer to right than the majority of private economists who have been expecting 3 percent or less. What with other good-news statistics showing healthy rises in employment, home construction, the sales of automobiles and factory production, and with the biggest monthly rise in consumer spending in more than a decade, the analysts put their worries aside.

"It's going to be a very satisfactory year," said Roger M. Kubarych, economist at the Conference Board, a business research organization in New York. "Alive, well, kicking, spending," the Shearson Lehman Brothers economist Allen Sinai wrote in his newsletter.

Twenty-dollar oil plays into Government policy just as it plays on the economy. Less inflation and faster



Hectic pace: Traders at New York Mercantile Exchange last week and, in background, an oil rig in the North Sea.

growth means businesses and consumers earn more money, which means the Government collects more tax revenues. That takes a little of the heat off the spending-reduction required by the new budget-balancing law.

Oil and Taxes

At the same time, cheap oil gave Congress a new occasion to test the President's resolve against raising taxes: Several senators have proposed legislation to tax imports of oil when its price falls below a specified level. The objective is protection of important political constituencies, but a tax would also help reduce the deficits. Last week, however, Larry Speakes, the Presidential spokesman, once again ruled out any new taxes.

Cheaper oil also plays upon Mr. Volcker's musings over interest rates. Last weekend, he and Mr. Baker met in London with the top economic officials of Britain, West Germany, France and Japan—the same Group of Five that concocted the assault on the dollar last September.

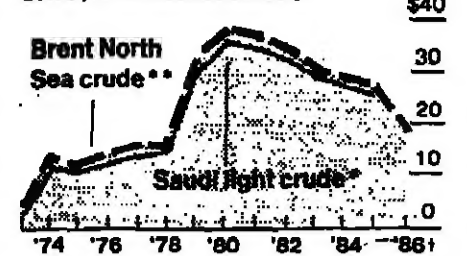
This time, the other countries disclosed, Mr. Baker sought a drive on interest rates. The others, perhaps including Mr. Volcker, agreed that lower rates were justified, but vetoed a September-like assault.

"Everybody obviously would like to see lower interest rates," an Administration official said. "That's a given. The question was who should lead the charge." The United States could not, he said, because pressures of higher inflation, which would be heightened by a unilateral cut in interest rates, are greater here than in countries such as Germany and Japan, where inflation is less than 2 percent. The fall in oil prices could convince Germany, Japan and Mr. Volcker that inflation is commensurate for some time to come. "I think we will see a further diminution of interest rates," Commerce Secretary Baldrige said last week.

The price drop brought some worries, however. Economists like Mr. Kubarych qualify their cheery predictions for the year with warnings that an out-of-control

Oil prices

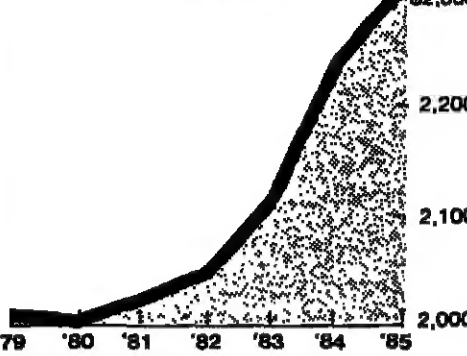
Annual average spot prices, in dollars a barrel, for immediate delivery



Before 1983, Middle East light crude
Before 1983, African/North Sea light crude
Brent North Sea crude as of Jan. 24. There is no spot trading in Saudi crude. The official price is \$27.20, but the Saudis are heavily discounting it in secret transactions.
Source: Petroleum Intelligence Weekly

Consumer spending

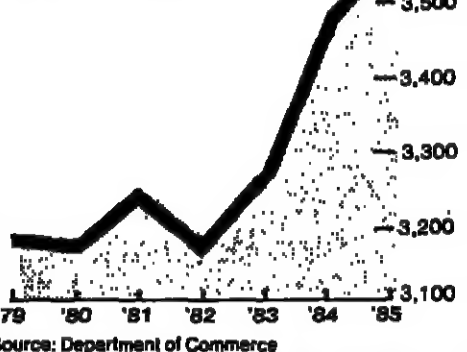
(in billions of 1982 dollars)



Source: Department of Commerce

Gross National Product

(in billions of 1982 dollars)



Source: Department of Commerce

Associated Press

Some Tangled Tales Of Corruption

IT reads like the start of a detective novel, but it may turn out to be the most far-reaching corruption investigation in New York City in more than a decade.

First a convicted swindler is unmasked as a Federal informer who paid bribes to Chicago officials on behalf of a private collection agency. The trail leads to New York's Parking Violations Bureau, which collects fines, and to its deputy director.

Meanwhile, the Borough President of Queens, Donald R. Manes, is found in an official city car, bleeding profusely from wrist and ankle wounds. Mr. Manes at first says he was kidnapped, but later admits that in a moment of despair he tried to take his own life.

By the end of last week, the two seemingly unrelated plots were intertwined in a widening scandal that has shaken the political establishment in New York, moved the Mayor to call upon Mr. Manes to resign and led to urgent calls for reform.

It all came together when Michael G. Dowd, a boyish-looking lawyer from Queens, walked into the office of Rudolph W. Giuliani, the United States Attorney in Manhattan, and said Mr. Manes had solicited bribes totaling \$36,000 over three years. Mr. Dowd said he had paid to keep a contract to collect parking fines for the city. He said he had given the cash to the Parking Violations Bureau's deputy director, Geoffrey G. Lindenauer.

Mr. Lindenauer, a political associate of Mr. Manes, who is also the Queens County Democratic leader, was arrested two weeks ago and charged with extorting a \$5,000 bribe from the president of another collection agency. Mr. Lindenauer has denied the



Donald R. Manes at N.Y.U. Medical Center last week.

charges.

As the Federal investigators broadened their inquiry to include collection agency contracts with all city agencies, many New Yorkers were re-examining questions about the connection between political influence and city contracts.

In a reversal, a shaken Mayor Koch asked for rules that would bar political party leaders from doing business with the city and called for stricter limits on campaign contributions. He also appointed a former United States Attorney, John S. Martin Jr., to conduct a sweeping inquiry into the city's contracting procedures. Mr. Martin said his would be "the biggest independent investigation" since the Knapp Commission exposed police corruption in the early 1970's.

—JOSH BARBANEL

Questions About His War Record Fuel the Opposition

It Isn't Going As Marcos Had Planned

By SETH MYDANS

THE politics of personalities rather than philosophies has long been the rule in the Philippines. From the start of the presidential campaign now under way, strategists on both sides agreed that the main issue would be President Ferdinand E. Marcos. Corason C. Aquino, his opponent, is campaigning as his "complete opposite."

The temperature of the campaign rose dramatically last week, and with it the issue of character. For now, the momentum appeared to be with the challenger, Mrs. Aquino. In a speech in which she seemed to come into her own with a growing command of the issues, Mrs. Aquino set forth her program. But she focused on Mr. Marcos, calling him a coward and an evil genius.

Meanwhile, demonstrating his stamina in the face of assertions that his health was failing, the President hammered at his basic themes. He attacked Mrs. Aquino as inexperienced, indecisive and dangerous and suggested that an Aquino victory could lead to bloodshed.

But the heaviest blow came from the United States, where information from documents found in Army archives called into question the Marcos record as a much-decorated guerrilla leader during the Japanese occupation in World War II. According to the documents, much of Mr. Marcos's war record was fabricated, and many of his medals may have been unearned. The accusations hit at what is perhaps his most sensitive personal spot, his pride as a wartime hero.

Increasingly in recent years, Mr. Marcos has harked back to his guerrilla days, and his conversation has lingered on the past. Questions about the Communist insurgency, about his state of health and his qualities as a leader often elicit long reminiscences about the war. Campaigning, he recounts his wartime experiences at virtually every campaign rally, sometimes with mildly ribald quips about his war wounds, and at other times to illustrate the wide gap between his character, which he says has been tempered in crisis, and that of his opponent, who entered the campaign describing himself as "just a housewife."

After The New York Times published the information from the archives, Mr. Marcos's statements about his war record became for the first

time defensive. "They say Marcos is not a genuine guerrilla who did not really fight," he told a rally of slum dwellers. "Don't pay any attention to these people." The following evening, the Government-owned television station devoted 15 minutes to a defense of the President's record that included testimony by a Japanese wartime officer and readings from books by American authors who cited Mr. Marcos's purported exploits.

One Presidential aide said the presentation of the criticisms in the American press at this sensitive moment in the campaign seemed to indicate that American public opinion was turning against Mr. Marcos. Yesterday, officials in Washington said the Reagan Administration had decided that his eventual departure was critical to American interests and planned to make this clear while waiting for him to retire for health reasons. The aide also indicated that the President's entourage feels pressured by the influx before the election of hundreds of American news representatives. "Maybe we'll ask Col. Muammar Qaddafi to drop a bomb on the Sixth Fleet so some of these TV people will go cover that instead," he said.

Despite earlier discounting by these same Marcos aides, Mrs. Aquino's popular momentum seemed to continue last week, and the contrasts between her political rallies and those of the President were striking. At each stop she was surrounded by enthusiastic crowds chanting her nickname, "Cory, Cory, Cory, Cory," and crowding closer for a glimpse of the candidate, invariably dressed in yellow.

At his rallies, Mr. Marcos employs a greater number of comedians and popular singers—his wife, Imelda, sings as well—to warm up the crowds, and even then, the gatherings tend to be smaller and the cheering seems less enthusiastic.

Mrs. Aquino has managed to create the belief among her supporters, as well as some outside election-watchers, that she is the popular favorite and that Mr. Marcos will be able to win only if the election is rigged. If that happens, she said last week, she plans to lead demonstrations throughout the country against what she would consider to be the theft of the election.

But despite her crowds and last week's setbacks for the President, there was a widely held belief among Filipinos that Mr. Marcos does not intend, one way or the other, to lose. The President's backers argued that there is a difference between popular enthusiasm, which is mixed with a large dose of curiosity about Mrs. Aquino, the new political star, and real vote-getting.

Mr. Marcos has been in power for 20 years and controls most of the local political machines. In his campaign stops, he usually announces several presidential actions that benefit local communities. And Friday he said gasoline and cooking-oil prices were being reduced.

Ultimately, the President controls the people who tabulate election returns; the National Assembly, which declares the winner, and the military. His options for insuring victory remain broad. Filipinos are so accustomed to the President's influence over almost every aspect of their society, and to his firm control of national politics, that many of them find it difficult to imagine anyone else in charge. Their respect for his mastery of power is such that some citizens reacted with admiration to the allegation that his war record had been fabricated. "This man's a genius," said a woman who is campaigning against him. "He has created himself out of whole cloth, and for 20 years we have believed him."



A detail from a campaign comic book that describes President Ferdinand E. Marcos, during World War II, as "The Brave Boy."

The World

Northern Ireland 'Says No' to Pact On Joint Rule

"Ulster Says No" was the re-election rallying cry of the 15 Protestant Members of Parliament who resigned in protest against the Anglo-Irish agreement. And Ulster did say no in last week's Parliamentary elections. The question was, did it say so loudly enough?

For one thing, the Catholics, most of whom generally support the November agreement giving the Dublin Government a say in Northern Ireland's affairs, managed to defeat one of the unionists. The seat, in Newry and Armagh, went to Seamus Mallon, deputy leader of the Social Democratic and Labor Party.

For another, the vote total of the two unionist parties, which joined forces for the elections, was 418,230, or 43.86 percent of the electorate. Perhaps because of dreadful weather on election day, that was less than the 500,000 the Protestants had hoped for but higher than in the 1983 parliamentary elections.

All in all, Protestant leaders insisted, the results showed an overwhelming rejection of the accord, which was crafted by Prime Minister Margaret Thatcher and Garret FitzGerald, the Irish Prime Minister, to improve the lot of the Catholic minority in the north. The Protestants contend the accord weakens their ties to the rest of Britain.

The Protestant leaders also noted that the Alliance Party, the only unionist group to favor the agreement, suffered sharp losses. The Social Democrats, meanwhile, who ran only four candidates and picked up a total of 70,917 votes, made significant gains against candidates from Sinn Féin, the political arm of the Irish Republican Army.

"Look at the figures: 420,000 to 70,000," said the Rev. Ian Paisley, who regained his Parliamentary seat with 97 percent of the vote. "It's now up to Mrs. Thatcher to say whether she wants confrontation or consultation."

"Don't let anyone imagine for one moment," countered Nicholas Scott, a senior official in Britain's Northern Ireland office, "that the Government is going to turn away from what it has set its hand to."

3 Sikhs Convicted In Gandhi Slaying

Even before the final arguments in the trial of three Sikhs accused of the 1984 assassination of Prime Minister Indira Gandhi of India, Sikh extremists had been stepping up bombings and killings in the name of independence for the state of Punjab, where they are in the majority. So it was widely feared that last week's verdict — all were found guilty — and death sentences would be fuel for the fire.

A defense lawyer, P. N. Lekhi, who had prosecuted Mrs. Gandhi in 1977 for her conduct after she imposed an emergency argued that her son and successor, Rajiv, had participated in the murder plot along with his wife, Sonia. But in sentencing Satwant Singh, one of two security guards said to have fired the shots in Mrs. Gandhi's garden (the other died in the attack), Kehar Singh, a clerk, and Balbir Singh, another guard, Judge Mahesh Chandra said: "The courtroom is no place to exhibit such flights of imagination."

The defendants, who are not related but follow the Sikh tradition of using the name Singh, which means lion, declared their innocence, and their lawyers said they would appeal, a process that could take months.

In Pakistan, meanwhile, three other Sikhs received death sentences for their part in the hijacking of two Indian airliners in 1981 and 1984.

And a team of scientists in New Delhi was reported to have concluded that a "chemical detonation," possibly caused by a bomb, ripped through a cargo hold of an Air-India Boeing 747 that crashed off the Irish coast last year, killing all 329 people aboard. Two Sikhs have been arrested in Canada, where the flight originated, in connection with the crash.

10,000 Killed In South Yemen

The Peoples Democratic Republic of Yemen, the thinly populated strip of desert and mountains at the strategic southern tip of the Arabian peninsula, is noted chiefly for its Moscow-style Government and the presence of 1,000 Soviet advisers. Heavy fighting broke out among Southern Yemen's leaders Jan. 13, evidently surprising the Russians, the more so as the Soviet Embassy came under fire.

Hundreds of them joined other foreigners in fleeing to Russian, French and British ships in the harbor. But when the dust settled last week after at least 10,000 people were said to have been killed, the Russians' continued presence seemed assured.

The radio in Aden, the capital, said Southern Yemen's new interim head of state was Prime Minister Haider Abu Bakr al-Attas, who sat out the

battle in Moscow. Pravda, the Soviet party newspaper, blamed "external reactionary imperialist forces" for the strife, but conceded there had been "disagreements" in the Southern Yemen party and Government.

The United States, which has been frozen out of Southern Yemen since 1969, limited itself to urging Moscow not to intervene in the civil war.

Some analysts suggested the fighting had started when a former President and Marxist hard-liner, Abdel Fattah Ismail, objected to the impoverished country's overtures toward improving relations with its neighbors, Saudi Arabia, Oman and Yemen.

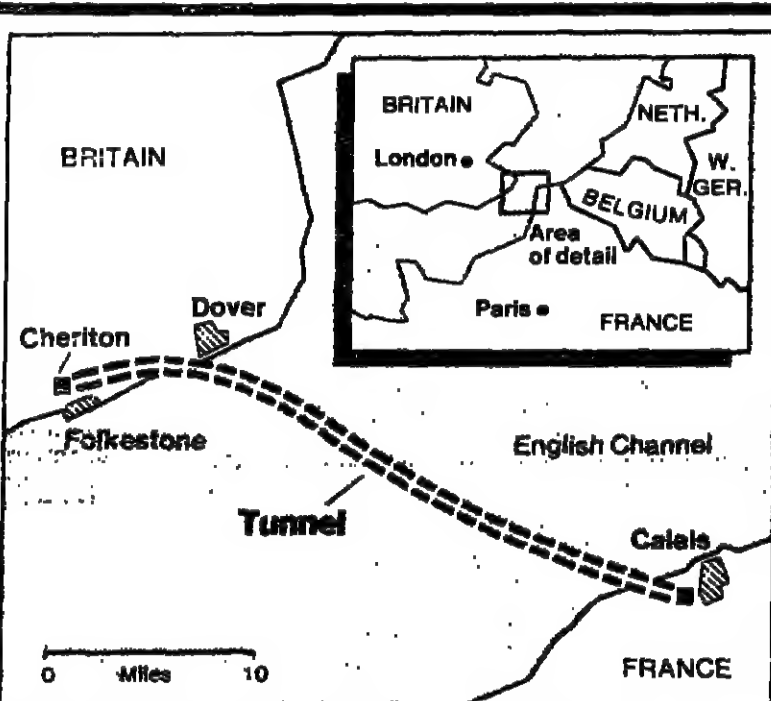
These countries still seemed to be backing Southern Yemen's President, Ali Nasser Mohammed al-Hasani, who fled the capital and was reportedly holed up in his mountainous home province, Abyan, 100 miles to the east. Yesterday, Arab diplomats said fighting was continuing outside the capital.

Milt Freudenheim and Richard Levine

A Correction

A chart on Libyan trade in The Week in Review Jan. 12 contained misleading figures in some categories. In 1984, Libya's exports to the Soviet bloc were \$746 million and its imports were \$444 million.

Its exports to the third world nations totaled \$2.04 billion, and its imports from the third world were \$1.34 billion.



The 'Chunnel' Is Launched

FRANCE has been itching to tunnel under the English Channel since the 1750's, but the project repeatedly foundered on British concerns about security and costs and prejudices dear to island dwellers. Last week, mindful of such issues as jobs, European togetherness and their separate slumps in popularity, President François Mitterrand and Prime Minister Margaret Thatcher relaunched the "chunnel" in a ceremony at Lille, in economically depressed northern France.

Starting in 1993, two 21-mile railroad tunnels, to be financed by \$6.7 billion of bank loans and stock sales, are to cut the crossing time between Calais and Cheriton near Dover to 30 minutes, as against 75 minutes

by ferry in fair weather. Paris and London would be only 3 hours and a quarter apart by fast train. A separate highway tunnel is envisioned for the 1990's; meanwhile, automobiles would be shuttled across on railroad flat cars.

Mr. Mitterrand, speaking seven weeks before legislative elections that his Socialist Party has been expected to lose, called the chunnel "the biggest civil engineering project of the 20th century."

It will create "tens of thousands of jobs," he promised. Mrs. Thatcher, whose loyalty to Europe is under attack in her Conservative Party and Parliament, called it a showcase for private enterprise and a demonstration that "Britain is very much a part of Europe."

The Nuclear Club's Junior Members

British and French Missiles Complicate Life for Moscow

By MICHAEL R. GORDON

WASHINGTON — While the United States and the Soviet Union exchange suggestions for deep cuts in nuclear arms, Britain and France are heading the opposite way. Both have started programs to multiply their nuclear arsenals.

Britain is equipping four submarines with 64 new Chevaline missiles, each carrying two warheads. It eventually plans to replace them with four new submarines each carrying 16 Trident II missiles purchased from the United States. Each Trident will probably carry eight warheads that could be aimed at separate targets, analysts say. By the late 1990's, Britain would have 512 warheads on four submarines. It is also replacing its old bombers with new Tornado planes.

France has also begun to install multiple-warhead missiles on submarines. Last year, the inflexible went to sea with 16 missiles, each carrying six warheads, thus doubling its arsenal of submarine-launched missiles.

Eventually, the French will have these M-4 missiles on at least five submarines. In addition, France has 18 land-based missiles, each with a single warhead, and a new mobile land-based missile is under consideration. A nuclear air-to-surface missile is also being readied, as are Mirage 2000 planes that would be armed with missiles.

China's Stockpile

The British and French are thought to be in a different nuclear league than China, which some experts say has about 120 land-based intercontinental and medium-range missiles as well as two missile-carrying submarines.

Even so, the British and French have long pointed out that their arsenals are tiny compared to those of the superpowers.

The British strategic force "represents less than 3 percent of the strategic nuclear forces available to the United States or the Soviet Union," the British Foreign Secretary, Sir Geoffrey Howe, has told the United Nations.

But if British and French forces grow as planned to more than 1,000 warheads, and the United States and the Soviet Union cut back to 4,500 warheads each, as the United States has proposed, the European forces would loom larger.

The Soviet Union has repeatedly raised the issue of British and French forces, generally insisting that it should be allowed the same number of weapons as the combined forces of all its potential Western adversaries.

The United States has replied that it cannot negotiate on behalf of other nations and that to compensate the Soviet Union for British and French forces would leave the United States numerically inferior to the Soviet Union.

Western officials further argue that British and French forces should not be equated with American forces because they are designed primarily as deterrents for the protection of the two countries.

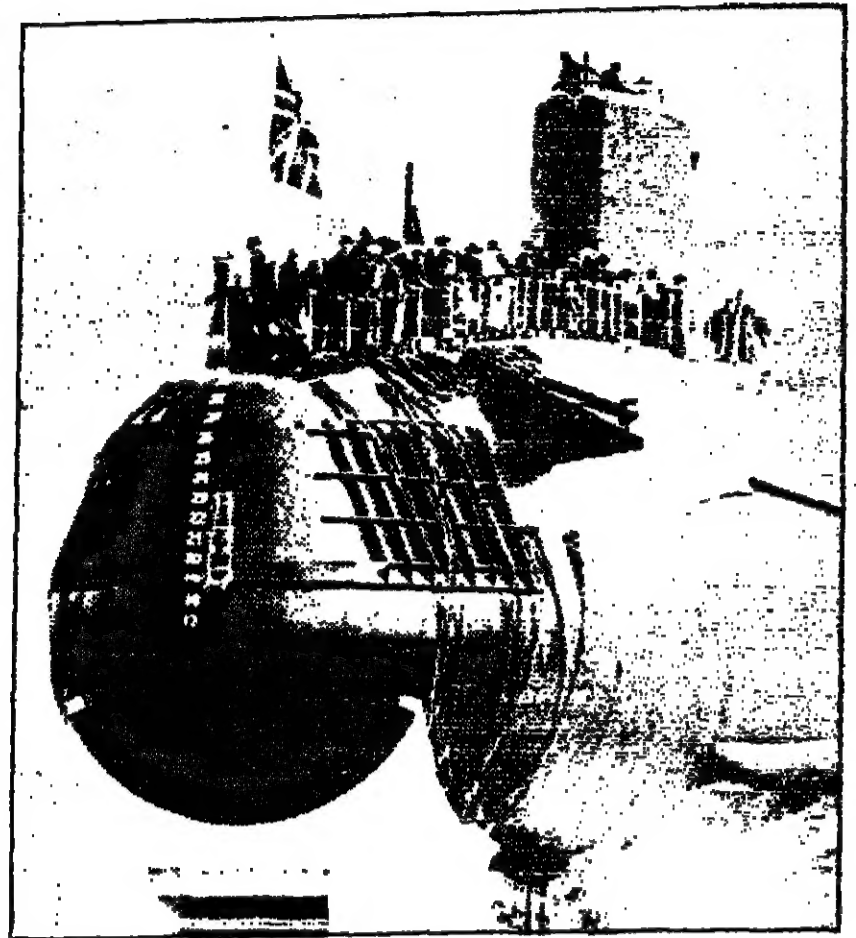
Tough Conditions

But the issue is not clear-cut. Even though France is not part of NATO's military command, a classified re-

port prepared by the Joint Chiefs of Staff states: "French nuclear strike aircraft... might be committed to the Alliance" in a conflict.

In any event, American officials were heartened when the Soviet leader, Mikhail S. Gorbachev, seemed to back away from Moscow's old position.

He suggested that all American and Soviet intermediate-range missiles be removed from Europe within eight years and that Britain and France could keep their nuclear missiles, if they agreed not to add to them during that period.



H.M.S. Revenge, a British submarine equipped with 18 nuclear missiles.

Both nations have laid down tough conditions before they will entertain such a notion. One has been that the United States and the Soviet Union make major cuts in their nuclear arsenals.

A French Embassy official said even the 50 percent reduction proposed by the United States might not suffice. Another condition, often overlooked, is that there be no significant changes in Soviet armistice defenses.

But this runs counter to the Reagan Administration's stated objective of moving toward a world in which both the United States and the Soviet Union would build up missile defenses. France has also said it would accept limits on its nuclear arms only if the balance in conventional and chemical arms is improved in favor of the West.

Some Reagan Administration officials assert that the Soviet Union will eventually back away from its effort to limit the British and French forces.

That is essentially what happened when the issue came up during the 1972 negotiations on the SALT I nuclear weapons treaty. But others are taking the Russians partly at their word. This time around, the stakes are higher, and the pressure on Britain and France could be, too.

Lesotho Won't Be As Helpful to Guerrillas

Pretoria's Hot Pursuit of the African National Congress

By ALAN COWELL

CAPE TOWN — South Africa's long-running, dogged campaign against the African National Congress and its allies seemed last week to have paid a harsh if ambiguous dividend. After a three-week blockade by Pretoria, the Government of neighboring Lesotho, which had been showing increased hostility to South Africa, fell in a military coup. In one of the new regime's first acts, Lesotho's military rulers demonstrated a more conciliatory policy toward South Africa by ordering followers of the Congress deported to black-ruled countries farther north. Yesterday, South Africa announced that it would lift the blockade of Lesotho, and nearly 60 A.N.C. supporters arrived in Zambia.

Lesotho's action fell short of Pretoria's demand that followers of the Congress be handed over to South Africa. But it seemed to underscore a reality to which this region has become accustomed: South Africa, deploying economic muscle, had molded to its liking — and to the detriment of the A.N.C., its principal guerrilla foe — the politics of a black-ruled neighbor. The paradox is that, while Pretoria had seemingly reached beyond its borders to tighten the noose around the A.N.C., the organization's popularity and influence in South Africa seemed as strong as ever. "Sooner or later we will have to deal with it," said Alex Boraine, a white opposition leader, in a public debate about the Congress that would have been unthinkable only a few years ago.

Visitors returning here after several years say they are amazed that the role of the Congress, which was outlawed in 1960 and has been operating from exile since, is debated at all in a nation with such a pervasive security network. Moreover, the A.N.C. has sought in recent weeks to acquire the mantle of arbiter of the nation's affairs. When a committee of Soweto parents, for instance, sought ways of getting their boycotting children back to class, they traveled to Zimbabwe to seek the A.N.C.'s approval. And when white businessmen in Johannesburg unveiled a plan for dismantling apartheid last week, one of the principal issues was whether the document, too, had been approved by the Congress.

The inference seemed to be that, however limited the organization's military effectiveness, both blacks and whites who style themselves as liberal accept it as the custodian of black aspirations. But for all the group's political gains, blossoming over 17 months of township violence that has claimed more than 1,000 lives, last

week's decision by Lesotho brought home another hard reality. As an exile movement, the Congress needs sanctuary and rear bases, and South Africa's white rulers seem as bent as ever on denying it such shelter.

There has been no public suggestion of direct South African complicity in the overthrow of Chief Leabua Jonathan, the autocratic figure who ruled poverty-stricken Lesotho for two decades. Yet South Africa's blockade, which began Jan. 1, seemed designed to force him to abandon his defiance of Pretoria and acknowledge Lesotho's vulnerability. The new rulers do not wish to be seen as Pretoria's puppets. But in deporting A.N.C. supporters, their message seemed to be that the Congress could no longer count on Lesotho as a safe haven.

Others Feel the Heat

In recent years, Mozambique and Swaziland have signed security agreements with Pretoria designed to sever the guerrillas' infiltration and supply routes. Lesotho, diplomats said, is under pressure to follow suit. And while officials in Lesotho have denied that the Congress has training facilities there — most of the organization's military camps are believed to be in Angola — under Chief Jonathan the modest kingdom had welcomed South African political fugitives, providing them with a listening post and a staging base. The country's new rulers seem less ready to play that role and, across the region, officials in countries bordering South Africa such as Zimbabwe and Botswana showed concern that they might be next to feel Pretoria's pressure.

South Africa's concern about the Congress has grown in recent weeks. This land has long been used to violence — at least 42 people died in renewed tribal fighting south of Durban last week, for instance — but the killings of 13 whites in land mine and bomb explosions since early December have sharpened the perception among some whites that the Soviet-armed Congress is no more than a terror organization.

Thus, when Bishop Desmond Tutu, speaking in the United States last week, urged Western governments to associate themselves with the goals of the Congress, the outcry among white leaders was intense. "For a man of the cloth, his backing of a terrorism organization can only be described as deplorable," one Cabinet minister said. The comment seemed to illuminate a deepening polarization in white attitudes not only toward the Congress, but also toward political reform, cleaving liberal whites even further from the ruling Afrikaner elite and adding one more rift to an already divided nation.

In Brief

Off the Shores of Tripoli

Navy jets from the carriers Saratoga and Coral Sea began operations over Mediterranean waters last week to show, the State Department said, "U.S. resolve to operate in international waters."

Col. Muammar el-Qaddafi, the Libyan leader, denounced the action as an "aggressive provocation" and ordered his forces on "full alert."

In Moscow, the Soviet press agency, Tass, joined in, calling the operation an example of what it calls Washington's "state terrorism" against Libya.

The United States has imposed economic sanctions on Libya, accusing Colonel Qaddafi of supporting the Palestinian terrorists who killed Americans and other civilians at the Rome and Vienna airports last month. Libya says it was not involved but has made clear its support of Palestinians it describes as freedom fighters.

In 1981, the Navy tested its right to enter airspace over the Gulf of Sidra, which Libya claims as territorial waters, shooting down two Soviet-built Libyan planes that tried to interfere.

Washington did not say if its planes would fly that close to Libya this time but left open the possibility. Moscow has recently upgraded Libya's anti-aircraft arsenal.

Thatcher Loses a Lieutenant

Prime Minister Margaret Thatcher's critics have made the most of a controversy over her Government's handling of the case of a small bankrupt helicopter

manufacturer. Earlier this month, her Defense Secretary, Michael Heseltine, resigned in anger. Last week, Leon Brittan, the Minister of Trade and Industry, also quit.

Mr. Brittan's departure, evidently despite her appeals that he stay on, left her relatively exposed to critics who accused her of political mismanagement and failure to be forthright with the House of Commons. As indicated by recent polls, the controversy has left her weakened to the point that some members of her Conservative Party are questioning how long she will retain its leadership.

Chaos in Uganda

A month after the signing of a peace accord that was to end years of bloodshed in Uganda, Kampala, the capital, was convulsed in fighting last week. According to diplomats in the East African country, rebel troops, probably from the National Resistance Army, descended on the city by the thousands.

Some witnesses said hundreds of Government soldiers had fled and it appeared that the rebels were about to seize control; others said the Government troops, long regarded as ill-trained and poorly disciplined, were indiscriminately killing civilians.

As many as 4,000 people were said to have taken refuge in a Roman Catholic cathedral. The American Embassy said that it had been in touch with roughly 40 of the 50 Americans believed to be in Kampala and that the 20 members of the mission, including six Marine guards, were safe.

Protesting Duvalier's Regime



President-for-Life Jean-Claude Duvalier (center) and his wife, Michele, at a ceremony in Port-au-Prince, Haiti.

Vielos/Dagmar Fabricius

Haiti's President-for-Life Now Has an Opposition

By JOSEPH B. TREASTER

PROTESTING recently against the Government of the President-for-Life, Jean-Claude Duvalier, demonstrators unfurled an American flag. Haitian officials dismissed the gesture as merely a Communist trick. But United States officials in Washington, often quick to express suspicion of Communist connections, said they saw no reason to doubt the sincerity of these demonstrators.

"I sense that people are saying they've had enough of the poverty, the hunger, the hopelessness," a State Department official said in Washington. "If Duvalier wants to call that Communism, let him. But I don't see people in Haiti searching for Communism or socialism as a solution."

In the last two weeks, the usually conservative Association of Haitian Industries, the Haitian Medical Association and a group of 18 Haitian Protestant leaders have issued statements calling for democratic government and respect for human rights. The challenge is the most serious Mr. Duvalier has faced since his father and predecessor as President-for-Life, François Duvalier, gave him the job nearly 15 years ago. Earlier this month, there were marches and road barricades in half a dozen cities and towns. The Government closed the schools indefinitely to hinder students from meeting to plan demonstrations.

With the pressure rising, United States policy toward Haiti has moved from mildly critical support to critical neutrality. Washington does not suggest that it has a candidate to replace the leader of the impoverished Caribbean nation, which has a population of close to six million. But it no longer gives the impression that abandoning him would be a mistake. "The

people of Haiti will decide," the State Department official said.

The department has been weighing a further shift — curtailment of foreign aid because on human rights abuses — that would tilt the policy against Mr. Duvalier. American officials say they are hesitant to take the step, despite a list of blatant abuses, partly in the belief that their leverage with Mr. Duvalier is likely to be greater while they still offer something he wants.

In four years since Congress made aid to Haiti conditional on progress toward democracy and improvements in human rights, the country has made some advances. But they have been offset by an almost equal number of setbacks. For example, Mr. Duvalier agreed to permit the formation of political parties. But, he said, the parties must accept that he is President-for-Life, with the right to choose his successor. The parties could not aspire to ultimate power.

Despite the equivocal record, the State Department has repeatedly managed to find that Haiti was making progress; aid continued unabated. The request for 1986 is for \$56 million. All but \$7 million or so of this is in food and humanitarian relief, which is exempt from human rights requirements.

To its neighbors, Haiti's virtue during nearly 30 years of Duvalier rule has been its stability, and this

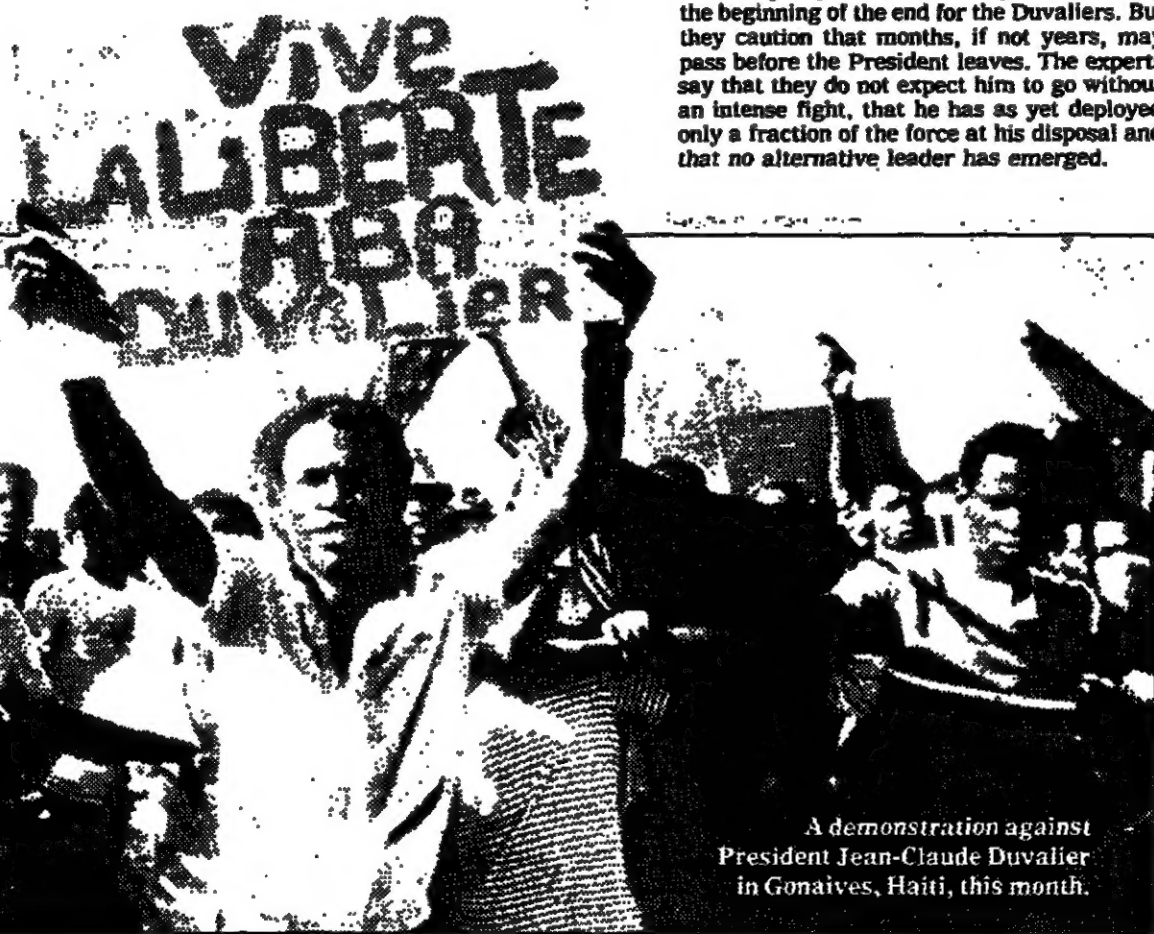
has helped obscure some of the family's excesses. The country shares the island of Hispaniola with the Dominican Republic, separated from Cuba by the heavily traveled Windward Passage. It is 580 miles, less than 90 minutes by military jet, from Miami.

In considering why, after years of neglect and intimidation, protests are spreading, experts note that Mr. Duvalier has reacted to pressure from Washington and other aid donors in a manner that has raised the expectations of his people, the hemisphere's poorest. Instead of flatly rejecting the demands of foreigners as his father did, the 34-year-old President gives them lip service. In a series of letters to the security forces, he said torture and beatings of arrested people had been "strictly forbidden." But after this month's protests, dozens of those arrested were beaten, their relatives and friends said. Also significantly, the Roman Catholic Church and its widely heard radio have been increasingly outspoken about injustice.

Until November there had been only one instance of street demonstrations against the present Government. In May 1984, when the issue was food shortages. Recently, however, the cry has simply been: "Down with Jean-Claude."

The President's wife, Michele, and her father, Ernest Bennett, are increasingly viewed as a burden to him. The Bennetts belong to the small, racially mixed elite that formerly dominated the overwhelmingly black majority. François Duvalier undercut the elite and developed a reputation as a man who gave power to blacks like himself. Since Jean-Claude Duvalier's wedding nearly six years ago, Mr. Bennett has become one of Haiti's wealthiest businessmen. He and his daughter are said to have great influence, which has led to accusations that power is being returned to the former elite. Stories of extravagant shopping trips to Europe by Mrs. Duvalier and lavish parties at home, in a country where malnutrition and disease are endemic, circulate widely.

Many experts believe they are watching the beginning of the end for the Duvaliers. But they caution that months, if not years, may pass before the President leaves. The experts say that they do not expect him to go without an intense fight, that he has as yet deployed only a fraction of the force at his disposal and that no alternative leader has emerged.



A demonstration against President Jean-Claude Duvalier in Gonaïves, Haiti, this month.

Subsidized Tortillas

Mexico Learns the True Value Of a Peso

By WILLIAM STOCKTON

MEXICO CITY — The price of tortillas in Chihuahua is a small but telling example of the clash of Mexican interest groups as the country struggles to turn its deficit-plagued economy around.

Last month, several hundred tortilla makers closed their neighborhood shops for three days to protest the Government-controlled price they were allowed to charge. Coincidentally, a group of Chihuahua farmers occupied several Government warehouses to protest the low prices they were getting for corn.

The Government purchases corn from farmers at one price, then sells it to a milling company for much less, in effect subsidizing the miller. The mill then sells the corn meal at a controlled price to the tortilla maker, who gets a subsidy in addition. The housewife who buys two pounds of hot tortillas a few minutes before serving the midday meal is getting a hefty subsidy, no matter what her family's economic situation may be.

To satisfy the farmers, the Government came up with a complex scheme for a higher price — in effect, an additional subsidy. The tortilla makers were granted a 250 percent price increase, but lost their subsidy on milled corn. Even so, the tortilla makers insist they are losing money.

The public, in turn, cannot believe the size of the increase in the price of tortillas.

To complicate things, this is an election year for hundreds of mayors and legislators as well as several governors. In some states, but particularly in Chihuahua, the governing Institutional Revolutionary Party, or PRI, will be seriously challenged by the National Action Party. Judging by its long record in power, the PRI is not likely to let the price of tortillas cost it votes, Mexican economists say.

If complaints about tortilla prices grow louder, the Government might step in and order a reduction, working out a further subsidy for the tortilla makers to offset their loss.

"Subsidies like this are what bleeds the budget dry," the Government economist said.

Austerity is becoming a way of life in Mexico. Diplomats, private economists and some officials say the test of the country's ability to control its economy will be the Government's capacity to control spending this year and adhere to the Spartan budget announced in November.

Slashing Deficit Spending

The hope is that last year's deficit spending rate of 9 percent of gross domestic product can be cut in half, and that the inflation rate might then be reduced from 63 percent to 50 percent or lower. Then perhaps interest rates, which are hovering above 60 percent, would be pushed downward as well.

"They certainly understand what has to be done," a diplomat said last week of Mexico's Government, which is well supplied with trained economists. "The question is whether they have the political will to stay the course."

During 56 years of uninterrupted rule, PRI has maintained stability in part by dextrously juggling the diverse demands of a panoply of groups, from rich industrialists and rightists to the poorest farmers and people on the left. The result is a patchwork system in which subsidies sprout within subsidies and competing political groups demand special concessions.

A Government program meant to aid one group may necessitate a subsidy to another, which then affects a third group whose complaints must be dealt with, perhaps through some additional economic support.

"We are an economy riddled with interlocking subsidies and special deals," said a senior Government economist. "Eventually we have to come to a system in which the true cost of a commodity or a service is recognized, and people pay the true cost. Only then can we make rational policy decisions."

A senior Government economic planner said contingency funds had been built into the 1986 budget to deal with special, unexpected political problems.

But if Mexico's economic situation worsens, as seems likely with the steep fall in crude oil prices, demands for special help from all segments of the economy are certain to grow.

"Even without the problem of oil prices, it is going to be very difficult for the Government to hold the line on the budget," a diplomat predicted.

A Mideast Marriage of Convenience

Syria Has Tried to Keep Its Ties to the Russians Elastic

By ELAINE SCIOLINO

DAMASCUS, Syria — At the recent Syrian air academy graduation in Aleppo, 200 Soviet advisers and their families received almost as much attention as the graduates. On Friday afternoons, when Government offices are closed, Soviet families go on weekend outings with Syrian military escorts. And the state-controlled newspapers in Damascus publish frequent dispatches from Tass, the Soviet press agency, praising Syrian-style socialism.

On the surface, Syrian-Soviet relations are smooth, "as good as they've ever been," a close adviser to President Hafez al-Assad said in an interview. "When a hand is extended to us in friendship and cooperation, we don't refuse."

But underneath, it is more a tough-minded arrangement of mutual interest, a "marriage de raison," a diplomat said. The Russians control Syria's only source of advanced arms; the Syrians hold the keys to Russian participation in the Middle East peace process.

Reagan Administration officials have at times accused Syria of acting as a Soviet surrogate in the region. But since 1976, when Moscow objected to the moving of Syrian troops into Lebanon and cut off arms shipments, it has been evident that President Assad is his own man. The Syrians stayed in Lebanon and the Soviet shipments were later resumed.

"We are cooperating with an intelligent country that has an intelligent political class, with clear ideas and precise programs," Felix Fedotov, the Soviet Ambassador to Syria, told an Italian journalist a few days ago. He said relations were "excellent" but added, "we have our differences."

Western experts believe Mr. Assad's first meeting with the Soviet leader, Mikhail S. Gorbachev, in Moscow in July was marred by their different approaches to the

Middle East. "The relationship really has its rough edges," a Western diplomat said.

The friction is rooted in Syrian resentment of Soviet limits on supplying advanced weapons to compete with Israel's well-stocked arsenal. When Israel invaded Lebanon in 1982, the American-supplied Israelis destroyed nearly 100 Syrian aircraft. The Russians helped rebuild the Syrian forces, but the goal of strategic balance with Israel remained only a goal. In November, when the Israelis shot down two Soviet-made MIG-23 jets, there was no defensive reaction by the Syrians.

Western experts also doubt that the confrontation-shy Russians were happy with the recent movement of Soviet-built Syrian anti-aircraft missiles in and out of Lebanon.

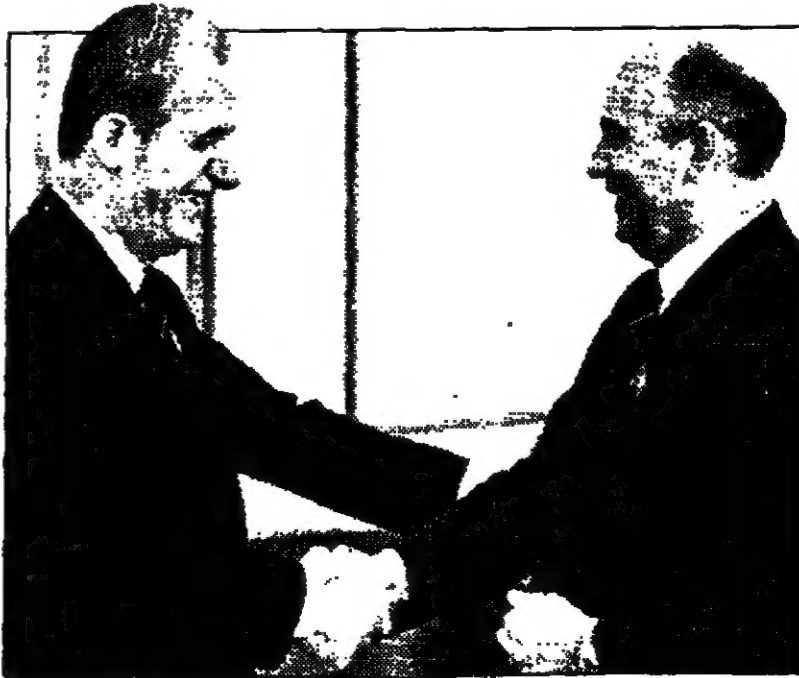
It seems unlikely that the Russian would use the Middle East as a testing ground against the best American weapons.

By the middle of last year, Syria had succeeded in obtaining the withdrawal of half the 5,000 Soviet advisers working here in 1984, according to Western sources. Among those leaving was an air defense unit believed to be the Russians' only land-based potential combat force in the area.

Friction Over Arafat

In the diplomatic realm, both countries favor an international conference on Middle Eastern peace, but they disagree about the fine print. The Soviet Union wants to share the chairmanship with the United States. The Syrians want the participation as well of China, France and Britain, the other permanent members of the United Nations Security Council. In what Ambassador Fedotov says would be "a circus."

There is also friction over Syrian rejection of Yasir Arafat, the Palestine Liberation Organization chairman, and support for anti-Arafat Palestinians opposed to a negotiated settlement. Last week in London, Prime Minis-



The Syrian President, Hafez al-Assad (left), with Mikhail S. Gorbachev, the Soviet leader, in Moscow in June.

ter Shimon Peres of Israel said American go-betweens had assured him that King Hussein of Jordan was ready to proceed with negotiations even if Syria and Mr. Arafat withheld their approval.

Moscow has repeatedly called for P.L.O. unity and the normalization of Syrian-P.L.O. relations. The meeting in Moscow this month of Foreign Minister Eduard A. Shevardnadze and Farouk Kaddoumi, a senior P.L.O.

representative, "was very successful in improving bilateral relations and narrowed the gap between the two sides," a Palestinian said.

But Mr. Assad, who once threatened to "chop off Mr. Arafat's fingers," is an implacable enemy. He is thought to have urged the ouster of Mr. Arafat as P.L.O. chairman, when he met with King Hussein in Damascus last month.

"When Mr. Arafat deviated from what we consider the right line of struggle, he betrayed the Palestinians," a Syrian foreign policy adviser said. "He gave more and more concessions without even getting a hope of anything in return."

Moscow also is thought to be displeased with Syrian support for Iran in the stalemate Iran-Iraq war, though Syria has shown some signs of disaffection with Iran. Iranian-backed Islamic militias in Lebanon are believed to be holding Western hostages, thwarting Syrian efforts to free them. Iran has also withheld oil from Syria of late because of unpaid bills.

Many Syrians show little affection for Russians and their system.

"This country is at least as capitalistic, if not more so, as heart than the United States," said a Western economist in Damascus. "If there were an open referendum, I'd guess that, at the most, 10 to 20 percent of the people would support socialism." Or, as a Damascus jeweler put it: "We're capitalists; they're not. How can you be Syrian and not want to make money?"

The Nation

Inquiry Finds A Pattern in Mortgage Frauds

Federal officials confirmed last week that they had found a pattern in their continuing investigation of home mortgage fraud. Across the country, they said, real-estate investors have used similar methods in defrauding the Department of Housing and Urban Development of tens of millions of dollars.

In a typical scheme, the officials said, an investor conveys a home to a sham purchaser, sometimes a child, inflating the value of the property and obtaining a Government-insured mortgage on the basis of a falsified application. The buyer defaults, leaving the Government liable for the loan. "We're very alarmed because there seems to be some sort of whispering campaign among these people," said Robert E. Nipp, an H.U.D. spokesman. "These schemes go from city to city, and it looks like they use the same routine."

Another Federal official said that in Washington, D.C., alone, the Government faced a loss that might exceed \$25 million, which would make the District's mortgage swindle potentially the costliest in H.U.D.'s history. Similar frauds have been reported in Houston, Milwaukee and Camden, N.J., among other cities.

"It becomes apparent with each passing indictment the fraud is more extensive than this Court ever thought," said Federal District Judge Stanley Brotman as he sentenced five men in Camden on Jan. 10. "The Court cannot close its eyes to the fact that every taxpayer is hurt. Money is being stolen."

Alleged Mafia Chiefs Convicted

The Government's investigation of Midwest Mafia operations began nearly five years ago, and the Federal Bureau of Investigation's evidence eventually grew to include more than 4,000 hours of tape-recorded conversations. Last week, the spade work paid off; a Federal jury in Kansas City convicted five men, including the reputed leader of organized crime in Chicago, of conspiring to skim more than \$2 million in untaxed winnings from gambling casinos in Las Vegas.

Those convicted included Joseph J. Aluppa, 78 years old, whom the Government described as head of Chicago's underworld, and a reputed underboss, John P. Cerone, 71. Lawyers for the defendants said the verdicts would be appealed.

The four-month trial included dramatic testimony describing the mob's lock on the Teamsters union and its Central States Pension Fund. According to the testimony, two loans totaling more than \$87 million were drawn from the fund to, among other things, buy and remodel Las Vegas casinos. Witnesses included a former Teamsters president, Roy L. Williams, who told of taking orders from underworld figures. Mr. Williams, who was convicted of bribery in 1982, acknowledged that he was cooperating in the hope that his 10-year sentence would be reduced; his plea for leniency was turned down.



Representative Bobbi Fiedler

Congresswoman Indicted

Bobbi Fiedler, a California Republican who parlayed an antibusing campaign into a seat in the United States House of Representatives, announced three weeks ago that she would seek her party's nomination for the Senate. But last week she and an aide were charged with attempting to buy off an opponent.

In an indictment made public Friday, Representative Fiedler and

Paul Clarke, her administrative assistant and chief political adviser, were charged with offering \$100,000 to help Ed Davis, a state Senator and former Los Angeles police chief, pay off campaign debts. In return, according to the indictment, they proposed that Mr. Davis drop out of the Republican primary.

Mrs. Fiedler and Mr. Clarke were charged under a section of the California election code that makes it a felony to offer money or other consideration to induce a candidate to withdraw from a campaign. "This whole thing is ridiculous," Representative Fiedler said after a court appearance. "I've done nothing wrong, and I don't think anyone in my campaign has done anything wrong." Mr. Clarke called the indictment "one of the greatest political dirty tricks of all time."

Mrs. Fiedler's political career began with her election as an anti-busing candidate to the Los Angeles Board of Education in 1977. Three years later, she won her seat in the House by narrowly defeating an incumbent Democrat.

In Washington, David Narsavage, spokesman for the National Republican Senatorial Committee, said the indictment had probably spoiled her chances to run against Democratic Senator Alan Cranston, and had perhaps damaged Mr. Davis as well. "It's difficult to win a nomination when under indictment," he said, adding that Mr. Davis was "probably going to lose a couple of points just by association with a scandal."

A Shakeout At Eastern

Eastern Airlines clipped some wings last week to keep its planes aloft. Under pressure from creditors threatening to call in \$2.5 billion in debt unless the airline trims its costs by the end of February, Eastern cut the wages of flight attendants by 20 percent and lengthened their work week. The company also said it would lay off 1,010 of its 7,200 stewards and stewardesses by Feb. 4.

The action, which Eastern officials said would not affect service quality, was the opening round in an effort to gain \$400 million to \$500 million in annual savings from the company's three unions, which represent flight attendants, pilots and machinists. The airline has survived previous difficulties by obtaining temporary concessions from employees. But Frank Borman, its chief executive, said deregulation, fare wars and wage concessions gained by its competitors had prompted Eastern's creditors to conclude that it was not viable unless it reduced its costs.

So perilous is the airline's situation, so tough management's stand and so convincing the threat of bankruptcy that the head of the flight attendants' union said it would not strike at this point. "We don't have the luxury of using old scripts anymore," said Robert V. Callahan, the union leader. He said he would try to continue negotiating, and the company replied that it, too, was willing to talk.

While Eastern struggled to avoid default, Northwest Airlines, the nation's 10th-biggest carrier, announced that it would buy Republic Airlines, the 7th-biggest, for \$384 million. The acquisition would be the largest under deregulation and was expected to set off more consolidation among airlines trying to remain competitive.

Troops Mobilized In Hormel Strike

"We are under siege in this town," a senior vice president of Geo. A. Hormel & Company said last week as Minnesota National Guardsmen were called out to preserve order in Austin, near the Iowa border. Local officials requested the Guardsmen Monday after striking meatpackers blocked two gates at the company's plant so applicants and new workers could not enter and those inside could not leave.

The mobilization of the Guard by Gov. Rudy Perpich intensified a prolonged and bitter struggle between Hormel and 1,500 members of Local P-9 of the United Food and Commercial Workers. In 1984, the company unilaterally reduced production-line wages from \$10.69 to \$8.25 an hour (they were raised to \$9.25 in arbitration). Since the strike began Aug. 17, the union has twice rejected an offer of \$10 an hour for returning workers and a substantially reduced rate for new employees. As in other recent labor disputes, management is seeking to cut costs to stay competitive with nonunion and foreign operations.

Hormel, which announced two weeks ago that it would attempt to reopen, said it would continue to accept returning strikers and hire replacements until a new workforce of 1,500 was assembled. With the National Guard and city police officers clearing the way, some strikers and new workers were able to enter the plant.

Michael Wright and Caroline Rand Herron

Congress Envisions A Year To Forget

By STEVEN V. ROBERTS

WASHINGTON — When Republican leaders had breakfast at the White House last week, they listened quietly as President Reagan sketched out a budget proposal that would slice deficits solely by reducing domestic programs. Lower defense spending and higher taxes were ruled out. No voice was raised in opposition to the President's plan, but later in the day Senator Thad Cochran of Mississippi joked that it was a good thing none of the Republican leaders had been asked to take lie detector tests.

By week's end, at another White House meeting, Congressional Republicans began to lose patience with Mr. Reagan. Participants in the meetings said they had warned him that unless he showed more flexibility and leadership on budget matters, the Republican Party could splinter and lose its Senate majority next fall. Representative Robert H. Michel of Illinois, the minority leader in the House, stressed after the meeting: "We are headed for some kind of negotiated settlement. Something has got to give."

This tension between Republican leaders and the White House summed up the dominant mood on Capitol Hill as the lawmakers returned for the second session of the 99th Congress. They are looking forward to the year with all the relish usually accorded root canal work.

And the main reason is the fear and uncertainty so many feel over the implications of the new law that requires them to balance the budget in annual steps over the next five years. If those steps are not taken, automatic cuts will go into effect, and many lawmakers agree with Representative Silvio O. Conte, a Massachusetts Republican, when he calls the measure "a disastrous piece of work."

The legislators got a taste of that disaster when James Miller, the Director of the Office of Management and Budget, said last week that if the automatic cuts are implemented in the next fiscal year, military spending will drop 18 percent, and domestic outlays by 25 percent.

Any deficit-reduction plan that could forestall the automatic cuts, many Congressmen think, must include new taxes and lower defense spending. But as long as the President is adamantly opposed to both elements, the lawmakers will remain frozen by indecision.

This paralysis is only aggravated by the elections now less than 10 months away. Twenty-two Republican Senate seats will be up, and a net gain of only four slots would put the Democrats back in control next January. Accordingly, Senate Republicans are eager to move forward on a bipartisan compromise as fast as possible, so voters will have time to forget the President's proposals before they go to the polls. "We want to

'Something Has Got to Give'



prove that we can govern," said Mr. Cochran, the secretary of the Republican conference. "We can blame some of our problems on the Democrats, but not all."

In his weekly radio address yesterday, the President, perhaps providing a preview of Tuesday's State of the Union message, said he needed "the help of Republicans and Democrats in the Congress if we are to solve the serious problems

confronting our nation." For now, the Democrats seem ready to blame most of their problems on the Republicans. Thomas P. O'Neill Jr., the Speaker of the House, is in no hurry to form a bipartisan coalition and shift the spotlight away from the President's budget, which is due next week. The Democrats remain that Mr. Reagan's plan for extending cuts in domestic programs will prove wildly unpopular, and they want to make sure everybody knows about it.

While Congress seems fixated on the budget issue, the President is likely to use his State of the Union message to re-emphasize his interest in overhauling the income tax code. A 1,400-page revision was adopted by the House late last year, and under pressure from the White House, the Senate Finance Committee is taking up the issue. The Senators show little enthusiasm for the project but see no way out of it. If a bill does finally clear the Senate, perhaps next summer, it is likely to be more favorable to business than the House version, and it could well include new revenues to help trim the deficit.

International trade is another issue likely to crowd the Congressional agenda and cause problems with the Administration. Mr. Reagan believes that sanctions against America's trading partners would invite retaliation and lead to a spiraling economic war. But many areas of the country are suffering from foreign imports, and Democrats see the issue as the best way to attack the Reagan economic record. Accordingly, Congress is likely to adopt some form of legislation that cracks down on unfair trade practices abroad.

Among the items left over from last year is a rewriting of the immigration laws. A storm blew up around the issue last week as an Administration report asserted that restricting the flow of immigration would impose heavy burdens on the economy. At week's end, however, the White House said it still wanted Congress to deal with the issue this year.

After five years of the Reagan presidency, the legislative agenda of many conservatives also remains unfinished. Protesters demanding an end to legalized abortion crowded the capital last week. Mr. Reagan reiterated his support for their cause, but Congress seems in no mood to reverse the court decision that permitted women to terminate pregnancies.

On the foreign policy front, White House officials said last week that Mr. Reagan would soon request \$100 million in new aid to the insurgents fighting the Government of Nicaragua; more than half would be for military help, which is now banned by Congress. The White House hopes that aggressive policies by Managua have swayed Congressional sentiment in favor of military support, but Democratic leaders predicted that the House would still reject the measure. The Administration faces an even tougher battle if it tries to sell sophisticated new weapons to Jordan or to aid rebels fighting the Government of Angola.

Congress May Stop Most Employers From Using Lie Detectors

Machines That Try to Read Minds

By STEVEN GREENHOUSE

CHICAGO — A recent article in the Harvard Business Review tells of a young investment adviser here who was asked to submit to a lie detector test after \$20,000 in securities disappeared from his office. Certain of his innocence, the young man agreed to the test. But the polygraph made him so nervous that the examiner concluded he was being deceptive. The young man was dismissed.

Two months later, the real thief was caught in the act of stealing securities. The culprit was fired, but the young man was not rehired.

Such stories are on many minds in Congress these days. After months of hot debate over the use of lie detectors among Government employees, one of the more controversial items on the docket for the 1986 Congressional session is the use of polygraphs in the private sector.

The House Education and Labor Committee has sent to the full House a bill that would, with a few exceptions, prohibit private employers from

using lie detectors to screen applicants or investigate employees. Although many analysts say the bill, which has 165 co-sponsors, will pass easily, employers who often use lie detectors are lobbying hard to scuttle the measure.

"It's a question of a worker's right not to be intimidated," said Pat Williams, a Montana Democrat who is sponsoring the bill. "I'm deeply troubled that each year more and more workers are required to take lie detector tests."

Experts estimate that 2 million private-sector employees had to take such tests in 1985, about 75 percent of them in connection with pre-employment screening. Last year's figure is three times the level of a decade earlier and far higher than the combined number of Government employees and criminal suspects who took the tests.

Defenders of lie detectors say they discourage thieves from applying for jobs, help ferret out embezzlers and exonerate people wrongfully suspected. Many pharmacy chains, wary of drug thefts among employees, use the tests in the hope of learning whether job applicants ever abused drugs or stole property. "We find lie detectors

one of many very helpful investigative tools," said Sheldon I. London, legislative counsel for Jewelers of America, a trade association. "Internal theft is a huge problem in our industry."

Corporate polygraph tests are usually administered by outside experts who attach blood pressure tubes around a subject's arm and chest and electrodes to his fingers. The idea is that when the subject lies, the body has certain nervous reactions that the device records on a chart. In theory, the examiner can tell from the chart when a subject is lying.

Restrictions Supported

Though many companies trust polygraphs, some prominent ones, among them I.B.M. and General Motors, shun the devices. Critics, arguing that courts find polygraphs so unreliable that they routinely refuse to admit test results as evidence, say the detectors themselves lie. "These tests don't work, and they scare the hell out of people," said Jay Harvey, legislative director for the AFL-CIO's Food and Allied Service Trades Department. Unions representing supermarket, drug store and other retail employees — employees often subject to the tests — are pushing hard for the Williams bill.

Mr. Harvey and other critics cite a 1983 study by the Office of Technology Assessment, Congress' research arm. "While there is some evidence for the validity of polygraph testing as an adjunct to criminal investigations," the study said, "there is very little research or scientific evidence to establish polygraph-test validity in screening situations, whether they be pre-employment or otherwise employment related."

That report pointed to 24 studies concluding that the polygraph correctly detected guilt in anywhere from 35 to 100 percent of the cases in which it was used.

Seven states ban private employers from using polygraphs in connection with screening prospective employees or tracking down suspected wrongdoers. Nineteen others and the District of Columbia regulate their use. The jewelers and drug chains say they would support Federal legislation regulating polygraphs by requiring, for example, certain levels of expertise among examiners. But critics say such legislation would put the Federal imprimatur on lie detectors.

Representative Williams is confident that his bill, which would allow employers to test in national security or drug theft cases, will be approved by both the House and the Senate. He is encouraged by the fact that two Senators who are usually far apart — Orrin G. Hatch, the Utah Republican, and Edward M. Kennedy, the Massachusetts Democrat, who are also the chairman and ranking minority member of the Senate Labor and Human Resources Committee — are supporting a Senate version of the measure.

Says Tyrone Kelley, lobbyist for the National Association of Chain Drug Stores, "We're swimming upstream on this one."

U.S. Debut on the Tokyo Exchange

Merrill Lynch takes its seat this week, and gets a crack at millions in fees.

By SUSAN CHIRA

ON Christmas Day 1984, Merrill Lynch Japan was one disappointed company. Daifuku Securities had just announced that it was awarding its vacant seat on the Tokyo Stock Exchange — the first seat ever open to a foreign securities company — not to Merrill Lynch but to another Japanese firm, Merrill Lynch lost out to a higher bid and, some suspected, to the network of relationships that links Japan's financial world.

A little more than a year later, Merrill Lynch is one busy company, racing to prepare for its debut next Saturday as the first foreign member of the Tokyo Stock Exchange. Five other foreign companies, including Morgan Stanley and Goldman Sachs, will send their brokers onto the floor in the next few months.

The new foreign presence on the exchange is the most visible symbol of the changes that have been sweeping Japan's financial markets. Driven in part by the swelling of private savings, the Japanese have been easing the restrictions that have stifled their markets and have limited the ways in which individuals and institutions could invest their money.

Over the past 18 months, the Japanese Government has relaxed regulations on foreign currency speculation and has created several new internationally traded securities. As a result, Japanese capital has flowed abroad, and a lively market in American Treasury bonds has sprung up in Kabutocho, Tokyo's rough equivalent of Wall Street. Trading volumes have soared. Staffs at foreign securities houses have doubled or tripled. And at long last foreign brokerage houses are getting seats on the Tokyo Stock Exchange — and a shot at millions of dollars in new brokerage fees.

But the breakthrough is not coming easily. At the Tokyo Exchange, the newcomers sense a certain wariness on the part of some of their competitors. "For companies who are facing foreign members for the first time — they may be taking this as a kind of 'black ship' invasion," said David S. Phillips, managing director and general manager of Morgan Stanley's Tokyo branch. The "black ship" refers to the fleet of Commodore Matthew Perry, who forced open Japan's doors in 1853 after centuries of isolation.

Along the route to membership, the companies have run into some interesting problems. Merrill, for example, only recently discovered that it

was expected to provide its floor staff with a lounge area for the break between the exchange's morning and afternoon sessions. So the company had to rent space in a nearby apartment building, a considerable expense in downtown Tokyo.

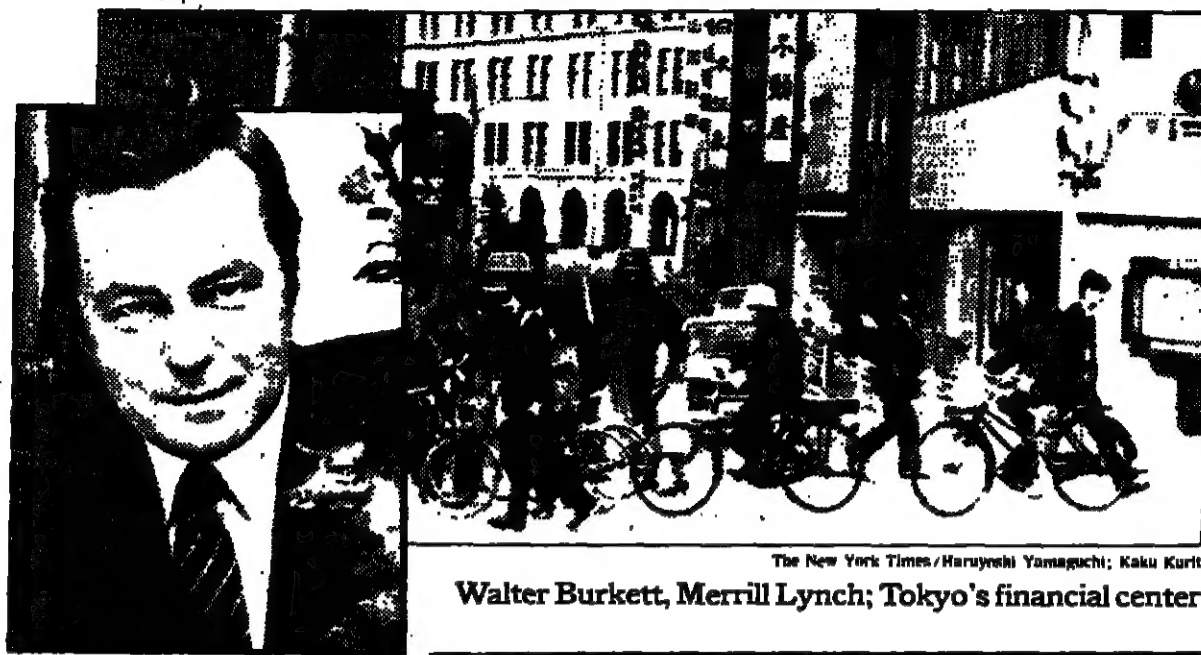
At Morgan Stanley, Hidekichi Tanaka labored for months as the head of Morgan's in-house committee on the stock exchange. To obtain stock exchange membership, one does not simply fill out forms and send them along. The contents of these applications, including detailed information about Morgan's fi-

than the \$5 million membership fee — high by the standards of the New York Stock Exchange, where a seat currently trades at \$480,000. But Tokyo officials argue that the fact that the memberships are corporate and limited to 93 makes them worth the price. In New York, by comparison, a company must buy a separate seat for each employee trading on the floor.

Walter J. Burkett, senior vice president and general manager of Merrill's Tokyo office, agrees. His firm and Morgan Stanley have paid commissions for years to Japanese

still in United States dollar instruments — Treasury bonds, American stocks, and fixed-income corporate bonds that Japanese investors are purchasing in growing amounts. Neither Morgan nor Merrill would say how much money they earn in Japan, nor how large a percentage of their worldwide revenues come from this country. But both believe they will substantially increase their earnings as a result of stock exchange membership and deregulation.

The new opportunities for foreign firms have not noticeably removed the special requirements — some



The New York Times/Haruyoshi Yamaguchi; Kaku Kurita

nances, its executives and its stock trading practices, were the subject of endless meetings with officials of the exchange and the Ministry of Finance. Once the exchange selected three American, three British and four Japanese firms last fall for 10 unfilled seats, it began running seminars to orient the new members and explain the cumbersome procedures.

Then came the task of installing computer systems linked to the exchange, recruiting employees, and sending them to a Tokyo Exchange training program that includes the teaching of standard hand signals for trading and the exact, pre-set routes that must be traveled between company booths on the floor and other trading booths.

In hiring, always a challenge in Japan, Morgan Stanley received some unexpected help from its Japanese competitors. For years, Mr. Phillips said, Morgan Stanley's New York office had invited Japanese firms to participate in underwritings. "Now," he said, "Japanese firms are repaying the favor by recommending employees with trading experience on the exchange floor. Competitors are also lending a hand to Merrill Lynch — this past week, Nomura Securities gave two of Merrill's American bilingual floor traders some advance-on-the-job training."

Neither Morgan nor Merrill would say how much money they have spent preparing to join the exchange, other

brokers to handle their stock trades on the exchange floor. With membership, that expense ends and both firms gain access to a flow of commission income, not only from the rising number of Americans trading in Japanese stocks but also from Japanese customers, for whom the prestigious membership is a drawing card. Mr. Phillips and Mr. Burkett anticipate their firms will earn back the price of membership within three years.

To accumulate expertise on Japanese companies and stocks, Merrill has assembled since 1981 a staff of 10 analysts. When Merrill begins trading on Saturday, moreover, there will be at least one American on the trading floor — a bilingual employee who once worked as a floor trader for a Japanese securities company.

Morgan Stanley, which had 40 employees in 1983, now boasts a staff of 150 (they are not all devoted to Japanese equities) and plans to expand to 250 by the end of the year. Mr. Phillips said: "Of these, about 30 are non-Japanese, although Morgan plans to reduce that number."

"It may be Morgan Stanley, but this is a Japanese company, and we want people to see that our branch is being supported and managed by Japanese nationals," said Mr. Phillips, who is himself Japanese but who was adopted by an American couple.

For both Morgan and Merrill, however, most of the business in Japan is

would say special frustrations — of doing business here as a foreign financial institution.

Foremost among them is a problem common to any foreign business here — breaking into a close-knit community where loyalties and traditions run deep and where a better price alone will not suffice to disrupt the relationships that bind companies and clients. "You could characterize foreign firms as concentrating on making the best deal, in contrast to the Japanese practice of sticking with loyal friends," said an American Embassy official familiar with Japan's financial system. "Being here a long time counts for a lot."

That was a lesson foreign securities firms learned when they applied to the Tokyo Stock Exchange for seats. Ten foreign and eight Japanese firms competed for the 10 available seats, and almost without exception the exchange awarded the seats to the foreign companies with the longest established presence in Japan. The First Boston Corporation, which flew in top executives to press for a seat, was told quietly that it had little chance of obtaining one because the firm had only received permission to operate a branch office in the past year.

Customers, too, like to observe the performance of a firm over the long term before committing themselves.

The Economy

WEEK IN BUSINESS

Bank of America Has a Bad Week

Bank of America's future, and that of its chief executive, Samuel H. Armacost, was clouded by a triple whammy. The nation's No. 2 bank was fined a staggering \$4.75 million for failing to report large cash transactions. The same day its parent, BankAmerica, reported a \$178 million loss, much more than most analysts had expected. Then, having slashed its dividend last August, the big West Coast bank eliminated it for the latest quarter. The loss came largely from its troubled portfolio of bad loans. While the bank says it has reduced its problems, analysts are skeptical of a turnaround soon.



The New York Times/Dan Hogan Charles

Oil prices dropped further, to under \$20 a barrel on most markets, in what looks like the full-scale price war threatened by OPEC in December. The plunge, to six-year lows, was precipitated by a doubling in output by Saudi Arabia, OPEC's largest producer, in an attempt to regain control of the marketplace. Saudi Arabia's Oil Minister warned that prices will go to \$15 a barrel unless all nations — in and out of OPEC — cooperate to rein in production. Britain, in particular, is under pressure as the biggest North Sea producer: as oil prices have dropped, so has the pound. But Britain says its oilfields are run by private companies that are not required to heed requests for cutbacks.

The effects of the plunge are wide-ranging. Lower oil prices can make economic expansion less expensive, particularly in third-world nations, and can help keep inflation in check. But oil-producing nations, especially those in the third world, could be hit severely. Mexico, for example, with deepening debt problems, faces a crisis if its hard-currency-producing oil exports suffer. And if prices fall too far, analysts say, banks will be faced with huge defaults in energy and third-world loans.

Sluggish growth marked the fourth quarter and all of 1985. The G.N.P. grew in the final three months at a 2.4 rate, far below the "flash" estimate of 3.3 percent. And the 2.3 percent rate for the year came nowhere near the Government's hopes for 3 percent growth. Once again, the nation's trade gap took the brunt of the blame for the poor performance. While the year's performance was the worst since the 1982 recession, nearly everyone is stubbornly optimistic about 1986.

The bright spots include inflation. Consumer prices rose just four-tenths of 1 percent in December. For the year, prices gained a modest 3.8 percent. Durable goods orders posted their biggest increase in 13 months, rising 4.2 percent in December. Consumer spending rose 2 percent, the biggest gain in more than 10 years, and outpaced a gain in income.

Stocks were tugged hither and yon by the plunging oil prices and the varied economic indicators. After a week in which it threatened to drop below 1,500, the Dow industrial average ended at 1,529.93, down 6.77 points. Treasury securities traded in a narrow range. Traders apparently were disappointed that the Group of Five major industrialized countries

failed to pledge overt action to lower interest rates. Traders were not moved by a \$6.8 billion drop in M-1.

Guinness offered to buy Distillers for \$3.2 billion, the biggest takeover attempt in British history. Distillers has been trying to fend off a \$2.7 billion bid from the Argyl Group.

G.M. is reorganizing its operations in Europe. The auto maker is trying to reverse a string of losses overseas by consolidating styling and research, particularly in the Opel and Vauxhall divisions.

Northwest Airlines' purchase of Republic for \$884 million would form the nation's fifth-largest carrier in terms of passengers, and is another in a series of post-deregulation mergers that analysts say is likely to continue. Northwest had said it would have to find a major acquisition after United made a deal to buy Pan Am's routes in the Pacific, Northwest's traditional stronghold.

Morgan Stanley will go public. Morgan, the investment banker's investment bank, is expected to offer about \$200 million in stock. Other large brokerage houses have gone public in recent months as they have sought to raise capital.

The Fed has no authority to regulate the proliferation of limited-service banks, the Supreme Court ruled. But a maze of other regulations and court rulings keep the picture cloudy.

Net income of American Express rose 60.8 percent in the fourth quarter, to \$27.6 million, helped by Shearson Lehman Brothers. Inland Steel lost \$90.5 million, the biggest loss in its history. RCA's net fell 8.2 percent in the quarter, to \$94.4 million, but gained for the year. Union Carbide, hobbled by its fight to defeat GAF, lost \$211 million. Citicorp fell 6.9 percent, to \$243 million, in large part because of declining revenues in its investment bank.

Miscellaneous. Roscoe L. Egger Jr. is leaving the I.R.S. after five years as its commissioner. The House passed legislation requiring banks to clear checks faster.

A Shock That OPEC Won't Overcome

By HENRY D. JACOBY

IN THE 1970's, economists debated whether the oil market was fundamentally different from other commodities markets. Last week's impressive plunge in oil prices provided an emphatic answer to the questions of the 70's. Oil has become a commodity like any other, and the price changes of recent weeks are part of a pattern of volatility that will characterize the market in the future.

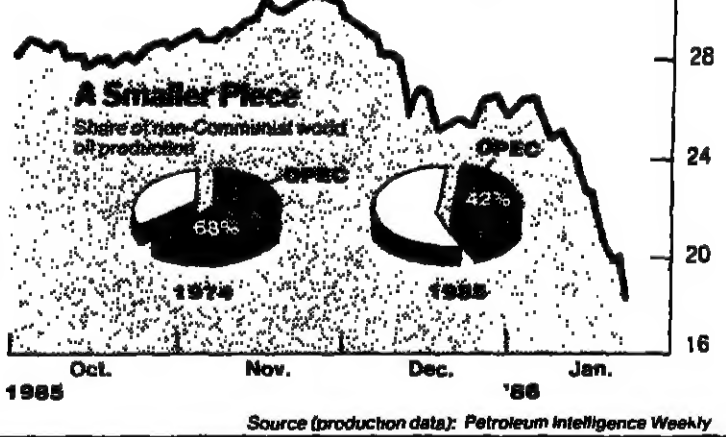
With the advantage of hindsight, we can see rather clearly how the seeds of OPEC's destruction were planted years ago. OPEC managers (and most of the rest of us) seriously underestimated the speed with which the industrial economies could adapt through investment in more energy-efficient dwellings, cars and industrial machinery. And few predicted the increased flow of non-OPEC oil from a price-induced drilling boom.

As a result, the cartel overreacted badly in setting crude prices, particularly in the months following the Iranian revolution. In late 1978 and 1979, it was downhill from there, with a reduction in the total market and a drastic cut in OPEC's share. OPEC's production is now around 18 million barrels a day, and it needs to be cut another 2 million, or so to match weakening demand. A decade ago, capacity totaled more than 30 million barrels a day. Today, even with the ravages of the Iran-Iraq war and the rundown of capacity in places like Kuwait, OPEC countries still could produce 40 percent to 50 percent more than they do now.

But pricing errors were only the most obvious of OPEC's blunders. Another set of OPEC moves led to the dismantling of an orderly oil market controlled by the international majors, then the six largest United States companies plus British Petroleum. Through the 1960's and early 1970's, these so-called Seven Sisters handled roughly four-fifths of international oil trade. They could adjust oil supplies to match changing consumer demand, thereby maintaining stable markets. Today, their share is less than one-fifth of traded oil. Not only were the oil concessions nationalized, but OPEC pricing policies drove the majors out of the business of marketing oil to third parties like Japan, leaving the role to a mixed crowd of national oil companies, independents and traders.

Oil's Plunge: The Brent Yardstick

Daily spot quote in Rotterdam for Brent crude oil, dollars a barrel



Source (production data): Petroleum Intelligence Weekly

These changes set the stage for another development that, in OPEC's decline, ranks in importance just behind the fall in world oil demand and rise in supply. This was the dramatic growth of the spot and futures markets for crude oil.

With a proliferation of buyers and sellers, and the strengthening of these open markets, commodity-like conditions were created. Trying to manage crude-oil prices in the face of these new markets became something like walking a frisky, 120-pound dog. You didn't necessarily go everywhere the dog went, but your general direction was hugely affected.

The cartel did remarkably well for a number of years, first with Saudi Arabia balancing the system almost alone, and later under a system that set production limits for the members. But the market pressures were simply too great. After repeated failures to agree on a new set of production controls — or on ways to insure compliance with the existing ones — Saudi Arabia, last fall, and then the rest of OPEC adopted a policy of protecting market share without regard to price.

How far might prices fall as OPEC producers price to move their oil? As one friend in the business puts it, "The bottom is too terrible to contemplate." In the short run, there is not much change to be expected on the demand side when prices fall. On the other hand, one might expect some cutback in supply. But even this ef-

fect is likely to be small as well, except at extremely low price levels — say, below \$12 a barrel.

In the short run, production will continue as long as operators can cover out-of-pocket costs after tax, and this cost is in the range of \$1 to \$5 a barrel for most of the world's reserves. In fact, when prices drop there is an incentive to produce more to maintain cash flow. So the system now is just as unstable downward as it was upward during the panic of 1978 and 1979.

With the current excess of oil supplies, the only force that could hold prices up and out of the "terrible" zone would be expectations about the level of prices some months in the future. At some point in the price decline, oil companies and traders will form expectations that the price will rise in the next few months. They will then begin to fill inventories while oil is still cheap. This will increase demand and firm up the market price.

It is a fairly ephemeral arrangement, as price supports go. Moreover, these expectations will be constantly changing as market events unfold and as governments respond. They cannot be predicted because they are so importantly affected by information that is not yet available.

Nevertheless, I think it unlikely that oil prices will move outside a range of \$15 to \$25 a barrel a year from now, but I see little to argue for one level over another within that range. Nor would I expect stability

from month to month. The farther one looks into the future, the wider the window.

Some analysts believe that Saudi Arabia's recent decision to increase production from less than 3 million barrels a day to 4.5 million barrels a day is a crafty ploy designed to drive Britain and Mexico into agreements to help share the burden of cutting back supply so as to maintain high prices. If so, the plan is likely to fail.

The situation between the OPEC and non-OPEC nations is a classic "prisoners' dilemma." Imagine two prisoners being held in separate cells for participating in the same crime. If neither confesses, both can expect to get off with relatively lesser charges and prison terms. If both confess, each will get moderate sentences. But if one talks and the other does not, then the holdout will be penalized severely while the other will get off scot-free.

This same absence of a binding agreement will haunt any cooperative moves between OPEC and non-OPEC producers. If Mexico and Britain were to cut back their production, there is no guarantee that OPEC could restrain its members from filling in right behind. Indeed, if history is any guide, there is abundant evidence that OPEC is powerless to prevent its members from cheating on production quotas. So each will produce and all will lose.

And even if the present crunch did lead to a tighter system of production quotas, with Mexico and the North Sea producers playing along, the character of the system would not be changed. It is very difficult to match production with demand. OPEC could easily squeeze too hard, raising prices too high and creating the conditions for the next slide.

In the 1970's, it looked as if oil prices could only go up. Today, it is hard to imagine them moving any direction but down. From the hindsight of some future year, we will likely see that these were the first few turns of the biggest commodity roller-coaster of all time. The events that have so transformed oil markets cannot now be reversed, even if we wanted to. So we should all get a firm grip for the ride ahead.

Henry D. Jacoby is professor of management and an associate of the Energy Laboratory at the Massachusetts Institute of Technology.

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JAN. 24, 1986

(Consolidated)

Company	Sales	Last	Net Chg
Phil PI	14,954,600	11%	+
Merr Lynch	9,965,600	40%	+
AT&T	8,390,800	22%	+
IBM	7,087,900	15%	+
Bank Am	6,668,100	12%	+
Exxon	6,631,600	50%	+
AMR	6,600,000	47%	+
Tex O Gs	6,107,400	14%	+
OcciPet	6,042,200	28%	+
East Air	5,912,300	6%	+
Mobil	5,859,300	29%	+
Texaco	5,778,400	28%	+
Schlmb	5,132,100	32%	+
Pfizer	5,107,000	47%	+
Rep Air	4,975,500	15%	+

MARKET DIARY

	Last	Prev.
Advances	908	1,382
Declines	232	624
Total Issues	2,222	2,230
New Highs	270	249
New Lows	56	17

VOLUME

(4 P.M. New York Close)	Last	Year To Date
Total Sales	604,091,688	2,147,937,791
Same Per. 1985	749,273,580	2,127,340,130

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Chg
New York Stock Exchange	137.3	133.7	135.9	-1.55
Indust	119.2	114.9	118.2	+3.14
Utilities	61.9	61.2	61.9	-0.13
Finance	132.2	129.3	131.7	-0.95
Composite	120.1	117.3	119.3	-1.02

Standard & Poor's

400 Indust	230.6	223.8	228.0	-1.76
20 Transp	195.8	189.3	195.8	+3.23
40 Util	91.4	90.3	91.4	+0.01
15 Financial	25.9	25.0	25.6	-0.28
500 Stocks	208.4	202.6	205.4	-2.00

Dow Jones

30 Indust	1537.3	1491.7	1529.9	-6.77
20 Transp	725.0	706.0	739.7	+23.15
15 Util	173.1	167.9	171.2	-1.54
65 Comb	620.4	599.6	617.8	+2.64

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JAN. 24, 1986

(Consolidated)

Company	Sales	Last	Net Chg
GulfCo	4,201,600	14%	+
Wickes	3,659,000	4%	+
Steris	2,149,600	12%	+
Wang B	2,009,100	19%	+
DomePet	1,887,400	2%	-3/16
BAT In	1,624,600	4-1/16	+
WestDigital	1,312,000	12%	+
Halmi	1,011,500	3%	+
Andahl	986,200	15%	+
EchoBay	878,300	15%	+

MARKET DIARY

	Last	Prev.
Advances	355	482
Declines	425	279
Unchanged	143	162
Total Issues	923	923
New Highs	81	76
New Lows	32	21

VOLUME

(4 P.M. New York Close)	Last	Year To Date
Total Sales	50,984,325	188,577,445
Same Per. 1985	55,004,370	158,834,730

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVILLE D. DRYFOOS, Publisher 1961-1983

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Oil and the Crash of '74 '79 '86

American Airlines is "delighted." European bankers describe themselves as "terribly concerned." The subject is oil prices and the reactions are the opposite of those when oil prices were soaring in the 70's. Now it's producers, and the bankers who finance them, who scurry for the Valium.

But the question ought to be larger than who reaps the windfall. For America, lower oil prices offer a rare, relatively painless chance to develop a more rational long-term energy policy. And that policy could raise badly needed tax revenue. For Japan and the oil-importing countries of Western Europe, the oil collapse provides an extra incentive to stimulate lagging economies.

All these potential benefits, however, could be squandered if the advanced industrial nations do not simultaneously ease the new burden on Mexico and other poor oil-producing countries.

The \$10 decline in the price of a barrel of crude over the last few weeks should within months translate into a 20-cent drop in the price Americans pay for a gallon of gasoline or heating fuel. The temptation will be to enjoy this good fortune and hope that it lasts. The wiser response would be to levy a tax on imported oil that would leave the price at the pump roughly where it now stands.

We import a third of our oil, which leaves our economy dependent on foreign suppliers. The cost of this dependence is not trivial. The suppliers' shocking price hikes in the 70's produced a recession that cut world output a trillion dollars. A tax of, say, \$10 a barrel on imports would preserve our new conservation habits and reduce vulnerability to another shock. As a bonus, it would yield \$18 billion in revenue; we would pay ourselves what we used to send to foreign oil producers.

A Mayor Is More Than Chairman

What everyone has always said about Ed Koch, even when exasperated by his sharp tongue, is that he has run a New York City administration of sterling honesty; no scandal of consequence arose in the eight years of his first two terms. Only eight days into his third term, however, began a chain of events that is now rocking City Hall.

Queens Borough President Donald Manes was found early one morning bleeding profusely from wounds which he now says were self-inflicted. A city parking violations official associated with him was arrested on Federal extortion charges. The Bronx Democratic chairman was found to have used his influence to obtain a \$22.5 million contract for a company with which he was deeply involved. And now a Queens lawyer accuses Mr. Manes of insisting on a \$36,000 payment to obtain contracts to collect overdue parking fines.

Mayor Koch promptly appointed a special investigator, a sound response to the immediate crisis. Now he has also tightened procedures for the \$400 million in contracts that the city awards without competitive bidding. But what of the Mayor's larger responsibility for the way the city government operates? His answer is, in effect, what larger responsibility? "My accountability is what I personally do," he said. "My reputation is adequate in terms of my own personal integrity."

What I personally do: That means I'm the Mayor; they're the government. That may be a proper legal definition of the limits of a mayor's personal culpability for wrongdoing by others of which he had no knowledge. But it hardly expresses the responsibility that citizens expect when they elect a mayor.

It is inconceivable that so keen a politician does not know that in running for mayor he offers to assume responsibility for the efficient and honest functioning of the city government. If, in the wake of an investigation by United States Attorney Rudolph Giuliani, grave suspicions arise over the con-

tracting process and the integrity of high officials appointed by his own appointees, whom but the Mayor should New Yorkers expect to accept blame? No one expects the Mayor himself to supervise every agency, train every city employee, detect every act of wrongdoing and collar every offender. New York can be run only by a mayor willing to delegate responsibility. He must not only appoint commissioners worthy of trust, but be satisfied with their deputies. It seems fatuous to claim, as Mr. Koch has claimed, that by not taking responsibility for deputy commissioners, he avoids the perils of patronage. Delegating responsibility is admirable, but that is different from ducking it.

Mr. Koch has announced welcome changes in the procedures by which contracts awarded on a basis other than public bidding shall hereafter be presented to the Board of Estimate. The appointment of John Martin, former United States Attorney, as a special investigator is a step in the direction of reformulating contract procedures and disclosure rules.

So far so good. But these are more the actions of a chairman of the board than of a determined chief executive. Abuse of contract procedures is only one danger raised by a detached attitude toward the rest of the city government. Why not demand that every commissioner establish new safeguards and review every contract, at once? Why not demand full disclosure of financial interest by the agents of parties holding city contracts? Why not draw a firm line between the officials who negotiate for the public interest and those party leaders, political contributors and other influence seekers who prefer to negotiate for private interests?

Ed Koch does not need to reassure anyone of his personal integrity. The reassurance his city needs is his frank acceptance of accountability for the entire government.

Private lenders need to stretch out the poor nations' loan payments and reduce their interest. They would find it easier to make such concessions if backed by direct U.S. Government aid or special loans from the International Monetary Fund and World Bank. Oil falling to, and below, \$20 a barrel is very good news. Taking full advantage of the decline, however, requires smart, quick action on many fronts.

Decency, and enlightened interest, require the industrial lenders to cushion the blow. A small part of an import tax could provide the means.

Ignoring the plight of the poor nations would almost invite them to repudiate some of their debts. It's not certain that a financial crisis with Mexico would explode into a worldwide confrontation between rich lenders and poor borrowers. Nor is it clear how much damage the crisis would do to the international banking system or the cohesion of the Western alliance. It should be worth a considerable price to avoid finding out.

Adam Smith's great contribution was to demonstrate how the sum of self-interested, economic actions by individuals, in themselves nonmoral, could result in a better, indeed more moral society because it made more material benefits available to more people. Remember, Smith condemned contemporaries who sought self-interest at the expense of the rest of society (i.e., those driven by greed) through practices that operated against the functioning of the market.

The point, eloquently stated by Irving Kristol, is that the capitalist idea has been cut from its Judeo-Christian moorings. If, to defend the idea of free markets, we must write odes to greed, we can never hope to secure the moral high ground against Marxist totalitarian ideologies. And we won't see that the greed that makes a Walker spy ring possible is not the same as the dynamic force that underlies capitalism.

It is not time to delist greed from the seven deadly sins posited by St. Gregory. As an explanation for the ugly things human beings continue to do to one another, the list is more valid than ever.

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Letters

Simple Plan Allows Human Control Over the Budget

To the Editor:

In response to "Into the Future, on Automatic Pilot," your editorial of Jan. 14, I have a simple, practical, constitutional plan for deficit control to replace the Gramm-Rudman-Hollings method and to restore personal control over the budget process to our leaders.

The plan involves providing members of the Senate and House of Representatives with generous bonuses tied to the final, net reduction of the budget deficit each year below \$200 billion. These bonuses would be tax-free and would be split 50-50 for each senator and representative between direct payments in cash and a credit that could be used only for the purpose of paying for legitimate campaign expenses.

The bonus rate would be one-half of 1 percent of each billion dollars of

deficit reduction, so that balancing the budget in any year would produce a bonus pool of \$500 million for the legislators, roughly \$1 million for each and every member of Congress. Although that is quite a lot of money by most standards, it is a small price indeed for the taxpayers to pay for a deficit reduction of \$200 billion.

Bonuses of this size would have a number of additional benefits. They would do much to reduce or eliminate the influence of special-interest groups that buy Congressional favor or support for relatively small expenditures. They would tend to attract a better caliber of person to Congress.

And they would help insure that our legislators vote more for the good of the country as a whole because they would not be under pressure to buy re-election votes and support by

means of legislation that favors their own constituents or powerful special-interest organizations.

I should emphasize that this is a perpetual plan that would operate year after year and pay off handsomely for deficit reduction below the \$200 billion level whenever achieved. Thus, if the budget is balanced for two consecutive years, the total Congressional bonus pool would amount to \$1 billion, and in six years it would be \$3 billion.

If Congress can pass and the President can sign into law legislation as ridiculous and dangerous as the Gramm-Rudman-Hollings Act, I believe they can surely be counted on to enact quite promptly legislation that would implement this simple, practical plan for effective, human budget control.

WILLIAM J. EIMAN
Philadelphia, Jan. 14, 1986

Let's Not Reclassify Greed as a Virtue

To the Editor:

It was disturbing to see the intellectual carelessness displayed by a distinguished columnist like William Safire in "Ode to Greed" (Jan. 5).

Greed is not the same as the natural human urge to accumulate the accoutrements of the good life. Nor is greed the driving force of a successful market economy — at least not any economy I want to be part of.

Adam Smith's great contribution was to demonstrate how the sum of self-interested, economic actions by individuals, in themselves nonmoral, could result in a better, indeed more moral society because it made more material benefits available to more people. Remember, Smith condemned contemporaries who sought self-interest at the expense of the rest of society (i.e., those driven by greed) through practices that operated against the functioning of the market.

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A Pulse-Quickening History of Polygraphs

To the Editor:

The fuss going on over lie-detector tests as applied by government and military agencies should once be brought into proper focus: this technique and procedure goes all the way back into medieval times as early as the 13th century or, possibly, to the 4th century, if one accepts a certain source for that early dating.

The "Gesta Romanorum," a medieval collection of 153 popular



Detail: Adel

stories printed for the first time in Latin in 1472 and in English translation about 1510, offers as Tale 40 a story called "The Measure of Temperance and of Skill," in which a knight suspects his wife of having transferred her affections from himself to some other man. The knight confronts the lady, who denies any changes in her love, but after her dis-

claiming such suggestions, he seeks out a "cunning clerk" who undertakes to question the lady and find out whether she speaks the truth.

After dinner in the knight's home, the clerk "entered into conversation with the lady, discussing a variety of topics and took hold of her hand while pressing his finger upon her pulse."

"Then," the account continues, "in a careless tone addressing to the person whom she was presumed to love, her pulse immediately quickened to a surprising degree, and acquired a feverish heat."

Later, when the clerk mentioned her husband in much the same way as he had the other man, her pulse abated, and its heat was entirely lost. "Thus, by the management of a learned clerk, the knight ascertained the truth of his suspicion."

This tale is ascribed to Macrobius, a Latin writer and philosopher (who flourished circa 400), in the tale itself; thus, if we accept this assignment, the technique and procedure go back as much as 1,000 years earlier. It seems that the present polygraph procedures and questioning practices are precisely the same as they were around the year 400, with one exception: Today's "machines" can write down and keep a record of the truths and lies produced by the delinquent. Otherwise, the method is totally unchanged since Macrobius, and there is little wonder that the brilliant achievements of the most modern inquisition procedures achieve so little of value for our government operations.

FRITZA KUTTNER
New York, Jan. 15, 1986

America Needs Investment in Small Businesses

To the Editor:

The impending demise of the Small Business Administration at the hands of President Reagan will lead to tough times for America's small businesses and the entrepreneurs who manage them. This may, in turn, have a catastrophic effect upon America's overall economy.

During the 1970's small businesses provided more than 85 percent of the new jobs created in the United States. This trend, which has continued through 1985, shows that small businesses truly constitute the backbone of our free-enterprise system.

With the abolishment of the worthwhile S.B.A. loaning, it is time the private sector became more involved in financing and assisting these bold and innovative men and women, whom we now call entrepreneurs. They led America to its economic greatness. These people who develop new small businesses hold the key to our future success.

A leading cause in the decline of the industrial sector of the United States economy was that many industrial

companies refused to invest capital in new and more efficient means of production. By concentrating on short-term profits, they left their own throats and put America's economic future at stake. While our factories and machinery became outmoded, Japan and other Asian countries made a commitment to modern technology. This insured their future at the expense of America's smoke-stack industries.

A parallel can be drawn between the decline of our smoke-stack industries and entrepreneurs. If those with capital refuse to invest in small businesses — while keeping their assets in "safe" nonproductive investment — our economic position will weaken further.

The financial community must invest in the future now by aiding development and growth of small business. We have seen greediness for short-term gains nearly destroy our heavy industry. Let's not allow the same shortsightedness to destroy the future of our country — American small business.

RICHARD F. STOCKEL JR.
Richmond, Jan. 16, 1986

New Day Is Dawning on the Hudson Waterfront

To the Editor:

"Long Run and Short in New Jersey" (editorial, Jan. 15) takes Governor Kean to task for his apparent unconcern that in promoting rapid development of New Jersey's Hudson River waterfront, he encourages "more rivalry with New York over jobs." That is neither politic nor fair and serves only to encourage the short-sighted sniping that has recently set back development on both sides of the river.

To enumerate every job gained or lost to one side of the river or the other is a futile exercise that ought to be replaced by a joint New York-New Jersey-Connecticut effort to attract jobs and to build housing on a region-wide scale.

The proposed New Jersey waterfront development, right in the heart of the metropolitan area, will offer a vast regional population new jobs, housing and recreational opportunities. If anything, the area is more accessible to New Yorkers (via PATH) than to most New Jerseyans.

And how can we begrudge New Jersey development in a waterfront area that over the

ESSAY

William Safire

Economic
World
War II

WASHINGTON For the second time in this generation, the monarchy of Saudi Arabia has declared economic war on most of the rest of the world.

The kingdom won the first eowar, leading a suppliers' cartel that raised the price of its oil over 1,000 percent, enriching the sheiks by fueling inflation and recession in the industrial countries and impoverishing the third world.

After a decade's bonanza, the Saudis found their cartel losing its power; its soaring prices had shrunk demand, and OPEC members began to produce more than decreed. North Sea oil, outside of OPEC, was sold at prices dictated by the market, not the Saudis.

Unable to shore up the cartel price by further cutting its own production, Riyadh last fall declared Economic World War II.

A classic monopoly strategy was put into play: The giant producer would punish the price-cutters by flooding the market, causing prices to plunge until those who dared to compete were driven out of business. Then the monopoly would raise prices back to pre-competition exorbitant levels.

That is what is happening now: a few months after the Saudis doubled production, the price of a barrel of oil dropped from \$28 to \$18. Sheikh Yamani and his handmaiden Kuwaitis have pointed their derricks at Britain and said: Cut your production to what OPEC decides, or we will keep pumping until the price falls below \$13, less than it costs you to produce.

The threat is potent. It costs the Saudis next to nothing to scratch the sand and bring up oil, while it may cost others who drill in the ocean up to \$15 a barrel. Although the Saudi threat is directed publicly at non-OPEC Britain, it is also meant to topple the uppity regime in Nigeria.

What's at stake? If the Saudis win Eowar II, and oil prices move back up to where they were last month, the rest of the world faces more inflation,

Face down
the Saudis
with an
oil import
fee

high interest rates, recession and a reduced standard of living.

If industrial and third-world energy consumers win, they take their spoils in more rapid growth, less inflation, lower interest rates and higher stock prices and employment — an era of international prosperity and political stability. High stakes.

In this war, the Saudis have going for them the sudden unrelated travail of the Thatcher Government, which may weaken Britain's resolve to remain oil-pricing-independent; but, Sheikh Yamani has going against him the certainty that Ayatollah Khomeini will one day die, bringing about a settlement of the Iran-Iraq war and the full return of two major producers.

The United States is a big oil importer, but the Reagan Administration seems oblivious to the fact that a war is going on.

What we should do to help oil prices continue moving down to the mid-teens, and stay there, is no secret: In his State of the Union address, the President should impose a \$12-a-barrel oil import fee.

The aim: not to raise enough revenues to save the defense budget, heaven forbid, but to make profitable the necessary exploration of new fields by a U.S. oil industry vital to our defense, and to encourage the continued conservation of fuel by the U.S. consumer, at no increase to gasoline or heating oil costs. To save Mexico from Saudi wrath, we could exempt hemispheric neighbors.

We will win or lose Eowar II in the next two years, and candidates will be asked "Where were you?" in the next election. Gary Hart, for the Democrats, was the leading advocate of an oil import fee long before its need became obvious, but Mario Cuomo is too busy doing his Kennedy-Houston-ministers play on his ethnicity to concern himself with the international issue that affects every New Yorker.

Among Republicans, the use of the oil-import weapon in a war for prosperity seems a natural for George Bush, a former oil man who must know what the current Yamani threat means to the future of American oil.

But the Vice President is either putting the local interests of Kennedunkport ahead of those of depressed Houston, a mistake that will be remembered at the convention, or he cannot bring himself to speak out and wake up the President for fear he will be accused of favoring a new tax. Mr. Bush's future excuse for silence — "I worked behind the scenes" — will be taken with a pinch of Mondale.

The threat from the Saudis could not be more plainly stated; the price plummet should have been foreseen (and it was, even in this space); and the opportunity it presents to clobber cartels and defend free-market prosperity is unmistakable.

He can win this war with a stroke of the pen; what is Mr. Reagan waiting for?

Let's Help Moscow — and Ourselves

By Jacob K. Javits

Whatever the particular merits of the Soviet proposal put forward last week for the elimination of nuclear weapons, it was a welcome effort to maintain the good will and cooperative spirit kindled at the summit meeting in Geneva. President Reagan ought to respond in kind. One particularly effective way to do so, in my view, would be to revive his promise to share the technology being developed for his Strategic Defense Initiative.

My 32 years of service in the House of Representatives and the Senate, most of it on the committees dealing with foreign affairs, have given me some experience with the minefield of American-Soviet relations. They led me, certainly, in the period before the summit meeting, to share a widespread popular concern that superpower relations had sunk to a new low and that confrontation was a dangerous possibility.

Fortunately, that general concern compelled President Reagan, under the stress of his 1984 re-election campaign, to modify his hard condemnation of the Soviet Union as the "evil empire" and to adopt a more conciliatory stance. Fortunately, too, this marked change coincided with the coming to power of a new, younger and more enterprising leader in the Soviet Union.

Thus far, both that restraint and the cooperative atmosphere of the summit meeting persist. The issue before us is whether this atmosphere can be converted into tangible results. Can we, in the short run, avoid a new round of Soviet-bashing, with all

Jacob K. Javits, a Republican, was Senator from New York from 1957 to 1981.

its dangerous consequences? We might be able to if we recognized that a workable agreement need not be based on trust for the Soviet Union. History demonstrates that mutual self-interest, not trust, is the real glue in international relations — and only the mutual self-interest of the superpowers can insure a durable peace.

Mikhail S. Gorbachev's proposal to eliminate nuclear weapons by the year 2000 is a constructive step in this direction. This proposal parallels and extends the "zero option" for the elimination of nuclear weapons in Europe put forward by President Reagan in 1981. Both leaders have in ef-

Revive
the proposal
to share
defense
technology

fect agreed that the arms control talks going on in Geneva should proceed along this line under an accelerated timetable. The basic sticking point is the Strategic Defense Initiative.

The Politburo has taken a seemingly non-negotiable position on this issue, refusing to consider an agreement that would allow even strategic defense research. The reason, according to Moscow, is that research is defined in the United States to include some testing of weapons.

The United States appears to have taken a comparably non-negotiable position. President Reagan is determined to proceed, holding firmly to his original vision — his notion that a

strategic defense would allow the elimination of nuclear arms. The American position is further complicated by allegations that the Soviet Union has violated existing arms control treaties, particularly the Anti-Ballistic Missile Treaty of 1972. Moscow also claims violations, and the suspicions on both sides play into the hands of those who would perpetuate the crisis atmosphere and make future arms control treaties impossible.

Is there a way out of this impasse? Sharing strategic defense technology with the Soviet Union would certainly allay many of the Russians' concerns — particularly their sense that while they themselves may be researching strategic defense, their technology lags far behind ours, and their fear that their industrial capacity may be even more greatly strained by the need to further expand their nuclear arsenal to match an American strategic defense system.

The idea of sharing was first suggested by President Reagan when he proposed the initiative in 1983 and then reiterated during the 1984 campaign. It remains an entirely plausible option and deserves to be included in an American proposal to be laid on the table in the Geneva arms control talks. It would cut defense costs, reduce the risk of a new acceleration of the arms race and ameliorate the crisis atmosphere that still exists between the two countries. Nor does the Soviet proposal made last week necessarily exclude a strategic defense.

Reducing both sides' nuclear arms by 50 percent — an idea that has now been endorsed by both President Reagan and Mr. Gorbachev — would be the cornerstone of a new arrangement between the superpowers. But it must be buttressed by other steps. The first and most important would be to conclude the negotiations, in Vienna, on Mutual Balanced Force Reduction, thus much reducing the threat of a confrontation with conventional weapons.

Still other measures should follow, some of which have already been initiated. We must always remember that the Communist elite that controls the Soviet Union hungers for the legitimacy and respectability that only the international community, and especially the United States, can confer — and we ought to move on a number of fronts to meet this need. The renewal of cultural contacts, agreed upon at Geneva, was a good start.

Other issues demanding comparable attention are human rights, trade, the sharing of medical research, common environmental concerns, tighter verification of arms control agreements, better means to prevent regional conflicts from exploding into world conflicts and a strengthening of the Standing Consultative Commission, which oversees compliance with arms accords. We might begin, for example, by opening the door to Soviet participation on suitable terms in the World Bank and the International Monetary Fund.

Finally, there is the matter of the second strategic arms limitation accord. It took seven years to produce that treaty, and the Senate's failure to ratify it dangerously broke the rhythm of nuclear arms control efforts, bringing us much closer to the brink. Against that background, it is very gratifying that Washington and Moscow have agreed to extend the understanding not to undercut the ceilings agreed upon in the treaty.

President Reagan is much admired for his patriotism, optimism and vigor. He can accomplish what other Presidents may not be able to do. His is as great a rendezvous with history as that of any President in modern times. The same public opinion that brought him to change his tone in dealing with the Soviet Union should now bring him to keep his original promise and thus remove the obstacles to peace posed by his Strategic Defense Initiative.

WASHINGTON
James RestonReagan
And
Gorbachev

WASHINGTON The main news here now is that President Reagan is taking seriously, maybe for the first time, Mikhail Gorbachev's latest proposals for the control of nuclear weapons.

It may not seem so. The shadow-boxing goes on. Mr. Reagan has sent his aircraft carriers into the Mediterranean off the coast of Libya, and in the spirit of Grenada has dared Colonel Qaddafi to behave or come out and fight, neither of which this sawdust dictator is likely to do.

Meanwhile, Vice President Bush has been shaking his feeble fist at all terrorists, and trying to ambush Gov. Mario Cuomo of New York by calling him, in effect, a wimp. But the President, who doesn't have to run again, has his mind on other things: not only on the budget deficits, which he can't resolve, but on the nuclear surplus which he might. How he handles this latest series of proposals by Mr. Gorbachev may be the most important decision of his Presidency.

He would have preferred that the Soviet leader put forward these complicated technical proposals in Geneva, where the U.S. and Soviet experts could analyze them privately. In the storm and thunder of the cold war over the years, both Washington and Moscow have come to regard public pronouncements as propaganda rather than as serious diplomacy.

Nevertheless, officials here think they see in these latest Gorbachev suggestions not only some hooks, but also some steps that are different and hopeful.

For example, they believe that Mr. Gorbachev has accepted the principle of on-site inspection for any agreement that might be reached. This has always been a sticking point in the past with the executive and legislative branches in Washington.

Second, in dealing with the balance of nuclear missiles in Europe, Mr. Gorbachev has indicated that this issue should be settled on the principle of U.S.-Soviet equality, rather than, as before, on equality between Soviet and American missiles on the

The news on
arms control
is different
and
hopeful

one hand and British and French nuclear missiles on the other.

Third, in previous offers by Moscow to remove its missiles from Europe, it was never clear whether Mr. Gorbachev meant merely to move them behind the Urals into Soviet Asia or to destroy them.

This was a critical point. For the thought merely of "removing" them disturbed Japan and China, and didn't reassure the NATO allies, since the missiles could always be moved back again. This time, when asked to clarify, Moscow replied that it meant not merely to "remove" the missiles but to "destroy" them.

Mr. Gorbachev's message did not remove the central conflict over the Administration's Strategic Defense Initiative. At first, there seemed to be some ambiguity in the Russian word he used, indicating that he might accept "research" but not testing or deployment of such weapons; but again, upon inquiry, Moscow insisted: no testing or deployment of outer space weapons, and no research.

Here then, at least in the present phase of negotiations, the two sides are in fundamental disagreement.

"The Soviet argument," one responsible negotiator here said, "is that the United States is engaged in purposeful research, that the intention of this research is not just to look at scientific principles, but is done with the intention of moving the arms race into outer space."

In simpler words, Moscow is asking: What's the point of such research if you don't intend to do something with it?

"Space must be kept peaceful," Mr. Gorbachev said. "Strike weapons must not be deployed there. They must not even be created." And he added: "Let there be the strictest verification in this case, which includes allowing inspection of the relevant laboratories."

The Soviet leader's offer to refrain unilaterally from testing nuclear weapons for another three months and his repeated proposal for a permanent comprehensive test ban are rejected by the Reagan Administration, making for another serious difference between the two sides.

The view here is that the Soviet Union is ahead on testing, and that much of the testing in the U.S. would make nuclear weapons safer, for example by developing ways to prevent the leakage of radiation into the atmosphere if planes carrying warheads should crash.

Anyway, it's clear that there are fundamental questions to be discussed in light of Mr. Gorbachev's proposals. They may be a trap, as some folks here say, but that is not Mr. Reagan's answer. He has said he isn't sure exactly what Mr. Gorbachev is saying, but let's take it easy and find out. That has been the best news around here for a long time. □



A Reminder of the Government's Bounty

By Lane Kirkland

COLUMBIA, S.C. A state embodies and magnifies the frailties of man and his capacity for good or ill. Unchecked and unopposed, it can be an engine of oppression, sweeping hordes to concentration camps or Gulags. Held within democratic bounds by free citizens, it is an indispensable instrument of progress.

I am reminded of the capacity of government to do good whenever I return to my native state, South Carolina. I remember a South Carolina that was too poor to paint and too proud to whitewash. Nothing in my experience has contradicted what I absorbed in my youth in South Carolina, and I remember it well.

And the more fiercely the current national debate rages about the appropriate role of the Federal Government and its various programs, the more clearly I remember a South Carolina before there was such a role, when states' rights ruled and enterprise was free to do as it pleased.

I remember when the destitute aged were sheltered not in the bosom of a warm and loving family but in county poorhouses. Then Social Security came and tore those poorhouses down, freeing young and old alike of that specter.

When I note the now-flourishing institutions of higher learning spread across this state, I remember when some fine little colleges were one jump ahead of the sheriff, were hard-

pressed to put meals on the students' tables and couldn't meet their payrolls. They were rescued and made solvent by the National Youth Administration, wartime training programs and the G.I. Bill of Rights.

When I see the clear waters of our rivers, I remember when the Broad, the Wateree, the Bush and the Saluda ran brick-red from the erosion of farms and deforested uplands. The Soil Conservation Service and the millions of trees planted by the 30 or so Civilian Conservation Corps camps placed in South Carolina had something to do with the improvement. Free enterprises, such as the paper and forest products industries, shared abundantly in the benefits of those Government initiatives.

I remember when kerosene lit the farms until the Rural Electrification Administration electrified and humanized them, bridging the cultural gap between town and country — and, incidentally, creating new markets for the appliance industry.

When I hear complaints about affirmative action, I remember things that used to happen in this land, the treatment of people by people. While we still have a way to go, does anyone think we would have approached our present level of equity and civility without the intervention of the Federal Government? I have met no South Carolinian who has expressed to me any desire to return to the old days of racial cruelty and exclusion.

When I hear it said that Southern working people have some cultural aversion to the exercise of the right of freedom of association, I cannot help but remember the old days when cotton mills sometimes bristled with National Guard bayonets and machine-guns to enforce that alleged aversion. Still today, the question returns to my mind: If Southern workers don't want their own unions, why have states and corporations found it so expedient to

collaborate in forging measures to thwart the effective pursuit of that aspiration?

Let it be thought that these reflections are just another expression of outmoded "liberal" balderdash, let me point out that such stout conservativism as Senators James F. Byrnes, Olin Johnston and Burnet R. Maybank were among the authors of the larger Federal role that helped bring this state into the modern age.

I do not counsel worship at the altar of government for its own sake, for I share fully the wholesome antipathy to government — Federal, state or

How it
helped
modernize
South
Carolina

local — unrestrained by strong free and private institutions, for one of which I speak.

I do suggest that the citizens of a modern Republic should not go too far in support of those who would dismantle or ruin the benign capacity of their Government, for they may need it badly some day. When it happens to you, you'll know it's true.

As for those terms, "liberal" and "conservative," as one who has been afflicted by both labels, depending on the stance of the afflictor and the foreign or domestic nature of the issue, I doubt their utility in this day and age for anyone except slap-dash journalists.

Arts & Leisure

Anybody Who Was Somebody Knocked At His Door

By JOHN RUSSELL

Among the major European painters of the 18th century, none has been more subtly or more persistently underrated since his death than Sir Joshua Reynolds, the portrait painter and first president of the Royal Academy of Arts in London who singlehandedly raised art in his native country to the level of a learned profession. The current and majestic exhibition of Reynolds at the Royal Academy in London comes at a time when the artist's reputation is at last taking an upturn. For that and other reasons, it is a considerable event — with well over 100 paintings by Reynolds, together with a mass of related or comparative material — and one that has been planned and carried out with a degree of care that Reynolds himself would have been the first to acknowledge. Nicholas Penny, Keeper of European Paintings at the Ashmolean Museum in Oxford, coordinated the show and edited the catalogue, and he and his colleagues (among them, Pierre Rosenberg of the Louvre) wrought well.

Reynolds was born in 1723, the son of a country schoolmaster who never had 10 cents to rub together. Knowing that, we are moved at the outset of the show by the self-portrait of 1747 or thereabouts, which shows the future Sir Joshua as a rather worried and — for all the elegance of his blue silk waistcoat — a still somewhat countrified young man. Shading his eyes from a strong overhead light, he stares far into the distance, as if time and not space were the subject of the painting. How would time treat him?

We know, though he could not, that throughout his career — though less so afterward — Reynolds would be time's favorite. Room after room in the Royal Academy shows the easy address with which he portrayed, one after another, the people of his own time whom we should most have wished to meet. Reynolds met with them as their equal, though he was not above giving some of them a distinction that they did not have in life. He was good with old people, good with middle-aged people, and very good in-



Joshua Reynolds in an early self-portrait. The work is at London's Royal Academy.

deed with young people. (The flirtatious way in which he brought out the good points of a pretty young face and a slender figure of either sex is something to see.)

He did not care if in their everyday life some of his sitters were rather too free with their favors. (If his portrait of Mrs. Abington in Congreve's "Love for Love" makes her look irresistibly naughty, we can be sure that Reynolds knew just what he was doing.) Never one to pass judgment, he was as much at home with the highbred nymphomaniac and the homosexual dilettante halfway out of the closet as he was with the man of war, the empire builder, the architect, the maker of the pioneer English dictionary, the antiquarian and the professor of moral philosophy. It was for the cartoonists, not for Sir Joshua, to deal in gossip, innuendo and the evidence of the keyhole. (As for the cartoonists, they are given the run of the last section of the show, to lively and disreputable effect.)

Walking around the academy's huge central gallery — so often the boneyard of inflated reputation — we realize that, as much as anyone since Holbein and van Dyck, it was Joshua Reynolds who gave us an enduring idea of what an exceptional Englishman or Englishwoman might be expected to look like. The unfinished and Titianesque portrait of Lord Rockingham with his secretary, Edmund Burke, would alone post a claim in that regard. But it is the great full-length portraits, eight and nine feet high, that have a cumulative effect upon the visitor and make him walk out into Piccadilly and hope to see men and women of the same cut and kin stepping out of a cab.

So it seems only right that when Reynolds died in 1792, he was saluted as one of the great Englishmen of his day and buried with all possible ceremony in St. Paul's Cathedral. What was his career, if not a tale of unbroken success that had no precedent in England? He had taken to portraiture at a time when the man who came to

paint your picture in England ranked hardly higher than the man who came to mow your lawn. That was not the role that Reynolds envisaged for himself.

He wanted painting to be acknowledged as a true profession, and its practitioners to stand level with the poet, the philosopher, the scientist, the divine and — why not? — the statesman. When he was 19, he noticed with what awe and admiration the poet Alexander Pope was received when he walked into an auction room, and how those present pressed forward in a body for the honor of touching his hand. That was what Reynolds wanted for himself, and in due time that was what he got.

He had a fine town house in London, with servants in livery and a carriage that was painted and gilt. Sitters of high degree stood in line to be painted by him. He dined out every night of the week. He knew "everyone," and "everyone" craved his company. (Unknown at the time of his arrival in London, he was able in his 30's to form a dining club whose members included Edmund Burke among statesmen, David Garrick among actors, Edward Gibbon among historians, Richard Brinsley Sheridan among playwrights, Charles Burney among musicologists and James Boswell among biographers.)

He was the universal choice as president of the new Royal Academy in 1768. He had what was thought at the time to be an important Old Master collection. People flocked to hear him when he lectured at the academy in his learned and Latinate way. And when Catherine the Great of Russia commissioned a major painting from him, he took it as nothing unusual and forthwith produced a painting, nine feet square, on the subject of the infant Hercules destroying a poisoned snake. (The painting in question has been lent by the Hermitage in Leningrad to the present show and is, therefore, back in London for the first time in close on 200 years.)

It was Joshua Reynolds who gave us an enduring idea of what an exceptional Englishman might be expected to look like.

Yet even in Reynolds's lifetime there were people who chipped away at the white marble of his celebrity. Some of them advanced technical reasons — that his portraits had a disconcerting propensity to fade, for instance, and that there were times when they had an even more disconcerting propensity to fall apart. In that context, the catalogue of the present show at the Royal Academy comes straight out and says that "indiscriminate use of concoctions made of varnish, Venice turpentine, wax, eggs and other miscellaneous ingredients had dire consequences for the structural adhesion of various layers of paint to one another and, in combination, to the support."

Nor did it escape notice that, although Reynolds became president of a potentially great academy, he had never had the kind of rigorous academic training that was taken for granted elsewhere in Europe. He was never much of a draftsman, his anatomy was shaky, and his command of linear perspective no less so.

All this he concealed as best he could. Though the most metropolitan of men, he dreaded to tackle a London interior. Anyone who has seen Johann Zoffany's delectable portrait of "Sir Lawrence Dundas in the Pillar Room at 19 Arlington Street" in the "Treasure Houses of Britain" exhibition at the National Gallery in Washington may wonder why Joshua Reynolds, who knew London so intimately, should so often have portrayed his Londoners either in a wispy and indeterminate landscape or against a total background that stood for nowhere in particular. The answer is that he couldn't do what Zoffany could do, and he knew it.

Reynolds also had certain traits of character that were to do him damage. He saw himself as the servant, rather than as the critic, of the society that had treated him so well. He made his sitters look learned, where in reality they never opened a book. He made them look commanding, where in reality they dithered. He plugged them into mythology, where in reality they had never so much as heard of the Graces, let alone paid them a ritual sacrifice. (Dr. Johnson's friend Mrs. Thrale said of one of the titled young women who was portrayed in the act of sacrificing to the Graces that she was best known for "playing cricket and eating beefsteaks on the Steyne at Brighton.")

Both for his devotion to the status quo and for his unfeigned delight in the company of important people, posterity has inclined to see Reynolds as the prototypical stuffed shirt. To prick that shirt and watch the sawdust run out has been a popular pastime ever since the poet and painter William Blake put it about that Reynolds was the kind of preposterous old fake who gave art a bad name. When Oliver Goldsmith wrote of Reynolds that "his manners were gentle, complying and bland," he meant it as a compliment, but that was not how posterity read it.

Steppenwolf Takes On Pinter's 'Caretaker'

By DON SHEWEY

He made his acting debut in New York crushing beer cans against his forehead in Sam Shepard's "True West." He made his Off Broadway directorial debut pumping Sanford Wilson's low-life drama "Balm in Gilead" full of Bruce Springsteen and Tom Waits music, transforming it into a street opera. John Malkovich made such a stunning first impression as a maniacal performer and rock and roll ringmaster that when he directed Kevin Kline and Raul Julia in George Bernard Shaw's "Arms and the Man" at Circle in the Square last summer, many theatergoers were perplexed by the production's gentleness and romanticism.

This didn't bother Mr. Malkovich too much, because he likes to confound expectations. In his first movie, "The Killing Fields," he played a photographer; in his second, "Places in the Heart," he was blind. And he followed up his wild-man act in "True West" with a soulful, understated performance as Biff in last season's Broadway revival of "Death of a Salesman." It just so happens, though, that back home in Chicago, where he is best known as one of the founding members of the Steppenwolf Theater Company, Mr. Malkovich has made a specialty of staging cool, crisp, literate British plays by authors such as Alan Ayckbourn, Simon Gray and especially Harold Pinter. And it's this side of him on display in Mr. Pinter's "Caretaker," which opens Thursday at Circle in the Square.

This production has a history of its own. Mr. Malkovich first directed it in 1973 with the same actors now performing it on Broadway — Jeff Perry as Aston, the mentally unstable would-be carpenter; Gary Sinise as Mick, his punky younger brother; and Alan Wilder as Davies, the tramp they invite in off the street who becomes the fulcrum for their sibling rivalry.

The production was revived later the same year, with Mr. Malkovich replacing Mr. Sinise in the cast, and again a year later for a benefit in Chicago. Then last fall when Steppenwolf decided to remount "The Caretaker" — "one of our own personal favorite things we've done," according to Mr. Malkovich — to celebrate the Tony Award-winning theater company's 10th anniversary, the Circle in the Square producers Ted Mann and Paul Libin made arrangements to move the production intact after its 10-week run in Chicago.

Meeting early one afternoon recently to discuss "The Caretaker,"

Mr. Malkovich had the rumpled, unshaven look of a director with a show in previews. Still, some passers-by on Columbus Avenue recognized the leonine features familiar from his films. As he talked, the direct midday sun outlined the vast expanse between his bushy eyebrows and his receding hairline that has earned him the affectionate nickname of "Bucket-head."

"It's such a good play, and when we first did it, it was really funny. But it's been harder to do this time," he was saying, in a soft, slow voice, over coffee and an English muffin. "Gary and I were talking about it last night. 'The Caretaker' is so much less visceral and more delicate than a lot of our plays that it can be very boring. It's certainly less visceral than a lot of the things we've done here." He was referring specifically to "True West" and "Orphans," two Steppenwolf hits that were directed by Mr. Sinise in a style that New York Times theater critic Frank Rich referred to as "the theatrical equivalent of rock and roll."

It would be very easy to compare those two plays to "The Caretaker," because all three depict a pair of brothers competing for the attention of an older man, who in each case represents an absent father figure. But as Mr. Malkovich points out, such a comparison would be misleading. "Those are kind of like Elvis Presley plays, and this is more like Ravel or Mendelssohn. In a weird way, it's hard not to like those more, because they are sort of like 'You ain't nothin' but a hound dog,' while this takes an enormous amount of time to unfold, and the meanings of the play are real hidden and obtuse and odd, and there isn't a lot of banging people around and screaming."

"'The Caretaker' is a far superior play," he was quick to add. "Like most good plays, it sets up a spiritual trinity among the main characters. In, say, 'Streetcar Named Desire,' you have one character, Blanche, who's extremely ephemeral and spiritual, of the air, then you have Stanley, somebody who's an animal, very much grounded in the earth. And you have Stella, who's torn in between. This play is very spiritual, Davies is very base, and Mick is torn between the two. He talks about making this place 'a palace' — he wants this heaven on earth, which Aston knows isn't really achievable. I suppose it is a spiritual play, but in the same way a lot of good plays are."

Mr. Malkovich's fascination with Mr. Pinter, whom he has never met, began in college when he studied at Eastern Illinois University with Dr. Lucy Gabbard, whose book "A Psychoanalytical Approach to the Works

of Harold Pinter" became a great influence. Since then he has either directed or acted in nearly all of the Pinter plays, including "The Birthday Party," "The Collection," "The Dumbwaiter," "A Slight Ache," "The Lover," "Old Times" and "No Man's Land," sometimes more than once, mostly with Steppenwolf.

"By the time I was 20 or 21, I had read most everything written about him, and I continue to read a lot about him. He's the only playwright I've ever done that with," said Mr. Malkovich. But his feelings about the playwright and his work have changed over the years. "The thing I used to like the best was his theatricality, but the thing I like the best now is what most of his plays are about, which is our inability to know each other or maybe even ourselves. Our inability or unwillingness or perhaps incapacity to tell fact from fiction and right from wrong, and to separate dreams from reality, and to separate a dream from a goal. I like the comedy and the menace and all of that, but I think other playwrights do that just as well now, or better."

What makes Mr. Pinter's plays uniquely, perversely appealing, said Mr. Malkovich, is "the way they go blithely from action to action. Pinter was one of the first — if not the first — and probably the best to write about the complete lack of relationship between cause and effect, that we'll often do things simply because we do them. Somebody falls in love with somebody — why? What happened? Somebody falls out of love with somebody — why? What happened? Terrorists shoot down a bunch of tourists in an airport — why? I don't get it. Of course, you can say, 'Well, in 1948 so-and-so, and then the King David Hotel blah-blah-blah.' But it's 1985, and what's happening? You kill a tourist, and that gets you a homeland? I don't know."

"The thing I like about Pinter's plays is the same thing that so many people hate," he admitted. "It's something best said by Faulkner in 'The Sound and the Fury.' Quentin is talking about how his sister Caddie is a whore and not a virgin and how horrible that is, and his father says, 'Nothing is so horrible that it's even worth the changing of it.' See, that's the real truth about man. We try to change, and we try to accomplish certain things, but you see, in the end we die, and life goes on. We try to deny that by the act of creativity or the act of love or the act of hate. We set up a moral structure and relationships and activities to avoid the despair that is constantly underneath. Let's watch TV, let's read, let's talk, let's move, let's go, let's do, let's conquer time. But in actuality, we're not going to conquer time."

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Battle for millions

HERMAN DORIAN HIRSCH, of blessed memory (especially to about 60 lawyers), died in Jerusalem at the age of 58, on December 7, 1984, leaving \$37 million in cash in the U.S., Switzerland and Israel.

The rags-to-riches story of Hirsch brought in its wake the biggest and perhaps most bitter legal struggle over an inheritance yet experienced in Israel. A final settlement among claimants in the U.S., Mexico and Israel was finally approved this month by the Tel Aviv District Court. It brought to an end, or nearly so, the acrimonious legal battles in the U.S. that were being waged even while Hirsch was still alive.

The proceedings in courts and many law offices became extremely complicated because of the late wayfarer's many love affairs. It was not merely a traditional triangle, but more like a spider's web of romantic entanglements that crossed three continents. As a result, claims from wives, mistresses and offspring — in and out of wedlock — sisters, nephews and nieces, spawned like mushrooms on fertile soil.

Those who knew Herman Hirsch describe him as "a very warm and generous person." He was handsome with a silver mane of hair and, needless to say, was extremely attractive to women.

HIRSCH WAS born in Rumania, and had five sisters. He was a Holocaust survivor, having escaped from Auschwitz at the age of 18. After World War Two, he made his way to Mexico. There he met Josefina Mayen, a bar hostess, and in 1957 they had a son, Alberto. Hirsch did

By PAUL KOHN
Jerusalem Post Reporter

odd jobs for a living in Mexico before opening a clothing shop.

In 1962, Herman married Helen Marie Sommers, a converted Jewess from San Diego, after she divorced her American husband. According to Helen, the marriage was performed by a rabbi in Mexico.

With Helen's capital, Hirsch turned his "rag business" into a chain of 30 clothing stores in California, called "Dorian's." In the mid-1960s, a now wealthy Hirsch travelled to Israel for the first time and helped his sisters to leave Rumania. They settled in the U.S. and Israel.

On his travels, Herman met various women. Petra Gonzales, of Tijuana, Mexico, alleges that Hirsch sired her sons, Daniel and Herman, and a romance in Nevada with Irma Morales resulted in a daughter, Dorina.

On a flight from Tel Aviv to Bucharest in 1975, Herman found himself seated next to Judith Hirsch (no relative), an attractive 27-year-old Haifa woman employed at the Technion, who was on her way to visit her parents in Transylvania, the Hungarian-speaking part of Rumania. "May I phone you there?" Herman asked.

"They don't have a phone," Judith replied.

"Well, then let me have their address," Herman insisted.

First a cable and then Herman arrived at the parents' home.

Although Herman was 21 years older than Judith, their romance blossomed. Among the blandishments he offered her was a "dream house" in Palm Springs, California. They lived there whenever Herman was back from his travels, and flings, especially in Mexico. He travelled on a Mexican passport.

Bank accounts running into millions of dollars were opened in both their names in the U.S. and Switzerland. Judith gave birth to two boys, Dorian in 1980 and Noah in 1982.

EARLY IN 1983, Hirsch became seriously ill. On March 23, he married Judith in a civil ceremony. Judith maintained that Herman had not married Helen Marie, as no ketuba or any other marriage documents could be found. Within days, Herman was hospitalized with a brain tumour. Judith had Herman sign a will, in the presence of two doctors, according to which he left all his assets to Judith, except for \$50,000 for his son Alberto.

Alberto heard of his father's illness and asked an American court to appoint a conservator over his person and property. The Crocker National Bank was appointed temporary conservator over the Hirsch estate.

A bitter legal battle ensued. The relationship between Judith and Herman has been described in contradictory ways. Some say Judith did her utmost to provide a warm home for him, but Bruce S. Ross, a Los Angeles attorney, charged that Judith was intent on making a reclusé of Herman and attempted to prevent members of his family from



Judith and Herman Hirsch

visiting him. "We thought Judith was trying to take exclusive control of Herman's estate," the American attorney, representing Alberto, told *The Jerusalem Post* in Tel Aviv this week.

Ross said a court order was needed to allow Alberto regular access to visit his father in Palm Springs.

Alberto served three years in the Israeli army and speaks Hebrew fluently. While in Israel, he met Bjorge, a Norwegian Jewish girl, whom he married and with whom he went to live in Norway. They now reside in Mexico with their children, Daniel and Herman. Judith's demand that Alberto undergo a blood test to ascertain that Hirsch was his father was thrown out by a Californian court as being "irrelevant to the issue."

After Herman's death, Alberto's lawyer agreed to the blood test. WITH HIRSCH'S death, all the lawyers began sharpening their knives. American attorneys appointed Israeli lawyers as their correspondents and there was hardly a major Tel Aviv law office that did not become involved. Judith alone worked successfully with no fewer than 10 law firms.

The plaintiffs included three sisters, Frieda Hirsch, Rika Michalovitch and Tina Arbel; nephews Mirel Bercovici and Theodor Savco, the sons of two deceased sisters; Helen Marie, Petra Gonzales, Irma Morales and Alberto. Judith insisted that she was the sole heir to the

Hirsch estate, after several earlier arrangements for compensating Alberto (to the tune of \$7 m.) were aborted. Every tentative agreement was immediately opposed by other appellants and a war of nerves developed.

Advocate Michael Fox, of Tel Aviv, who together with George J. Schultz, a San Diego attorney, represented Helen Marie, moved to have the claimants reach agreement among themselves. This was agreed to by the lawyers, including Bruce Ross, Schultz, Boaz Nahir, Akiva Laxer, Mibi Moser, Ron Rotman and Kaiman Karni. Only Judith Hirsch held out for higher stakes.

A bombshell, in the form of a U.S. Internal Revenue Service claim that Hirsch owed \$18 m. in taxes, dramatically changed the situation. Last November, as a result of that claim, a U.S. court ordered Bank Leumi to freeze \$10 m. of the inheritance. The amount due to the IRS, if any, remains an issue still to be settled. Another \$3.2 m. of the estate was also set aside for the settlement of debts and other contingencies.

Amnon Goldenberg, Judith Hirsch's latest legal counsel, finally persuaded her to compromise on her claim. Her decision opened the way to the final settlement among the parties, approved this month by Judge Dr. Eliahu Winograd. Moshe Sanbar, the former governor of the Bank of Israel, was appointed the new administrator of the Hirsch estate, and was in Zurich this week meeting Swiss bankers. So were a number of the lawyers.

Michael Fox, of the Herzog, Fox, Ne'eman law firm, was appointed trustee for the \$11 m. to be divided among the claimants, excluding Judith Hirsch. She has been awarded the rest.

Labour lost

RANDOMALIA
Miriam Arad

IT OVERCOMES all of us sometimes, a black vanity-of- vanities hour when we question the profit of all our labour under the sun. There is not much you can do against such a mood except wait for it to pass, but perhaps its end can be hastened by considering some of the truly futile endeavours we are apt to engage in.

One of the most notorious of these is arguing with our political or ideological opponents. We spend hours doing that, knowing full well we shall never convince one another. They do it on radio and TV too, pitting Yossi Sarid against Ronnie Millos morning, noon and night — all very fair and even-handed, to be sure, but I have yet to meet a single Sarid fan who was moved an inch Millos-wards thereby, or the other way round.

Much of housework is frustrating rather than futile, for though dishes are washed only to be soiled again in an endless cycle, food is eaten off those dishes in between, and that is the point of the exercise. What does seem futile to me is something like dusting high surfaces, say anything over 2.15 m., such as the tops of cupboards. No human eye ever beholds those surfaces, and it does not make the slightest difference to anyone whether they are clean or not.

Teenagers are creatures you have to walk round on tiptoe. Like touch-me-not flowers they are, only worse, because you never know whether they will burst open or fold up tight when you so much as look in their direction. What characterizes life with a teenager above all is the futility of asking him questions like, "Won't you be cold, going out without a coat in this weather?" You actually know it's no use asking but, being his parent, you can't help yourself. Other questions of that kind are: "If you go to the movies now, when will you have time to do your homework?" and "Why don't you wash your hair at least once a fortnight?" or, alternatively, "Why do you have to wash your hair every day?"

TRYING to divert a husband's attention from a pretty face or a fine pair of legs is of a futility so tremendous that it had better not be attempted. It seems wiser, on the whole, to adopt the opposite tactic and point them out yourself. If you can't beat 'em join 'em; and if you are lucky, he'll say: "Mm, well, yes, she's got beautiful eyes, I grant you, but her nose is on the large side and she's as flat as a billiard table in front."

And if none of this cures you of your mood, go look at the sea. A mighty wave comes thundering up full of sound and fury. It towers and threatens, makes a colossal to-do, and all for what? For fizzling out on the sand, having accomplished nothing. And then another wave, and another, and another — human futility has nothing on it.

ESTHER REUTER

ISRAEL SINFONIETTA, BEERSHEBA, STRING QUARTET — Brigitte Salem-Rettler, Catherine Salem, violins; Pierre-Henry Xanthopoulos, viola; Darius Milhaud, cello (Church of the Redeemer, Old City of Jerusalem, January 23). Puccini: *Crisostomo*; Mozart: *Quartet in D, K.575*; Partos: *Concertino for String Quartet*; Beethoven: *Quartet in B flat, opus 18, No. 4*.

THE NEWLY formed string quartet, growing out of a combination of first-deskers of the Israel Sinfonietta, Beersheba, promises to become a fine ensemble. Its four young musicians, clearly attuned to each other and unanimous in attitudes, are armed with impressive technical facilities. A string quartet, however, does not achieve an outstanding level of performance overnight.

The Puccini piece may have been intended to serve as a warm-up exercise, but its shallow, sentimental statements can hardly satisfy a discriminating audience, and connoisseurs of string quartets are highly discriminating by nature. The quartets of Mozart and Beethoven must be lived with music for a long time, and then the music will come naturally and satisfactorily. At present every little accent is slightly overemphasized, every solo phrase offered too obtrusively. Every member, and particularly the first violin, should try to blend into the corporate sound and general dynamics. But all this is to be expected from a

young ensemble and can, and surely will, be easily overcome by these earnest artists.

With the short *Concertino* by Odedo Partos the ISB Quartet provided an excellent example of its enormous potential. Partos wrote this in 1932, while still in Hungary and strongly influenced by his mentor, Zoltan Kodaly. The reading was dynamic and intensely exciting.

JERUSALEM SYMPHONY ORCHESTRA, Sir Charles Groves conducting, with Alexander Lacombe, cello (Jerusalem Theatre, January 22). Beethoven: *Symphony No. 4, op. 68*; Lalo: *Cello Concerto*; Britten: *Four Sea Interludes* from "Peter Grimes."

BEETHOVEN'S Sixth Symphony received a most pastoral interpretation from guest conductor Sir Charles Groves. Even the storm movement, describing lightning and thunder so masterly with economic means, turned into a tempest in a teapot.

The Cello Concerto by Edouard Lalo is at best a mediocre showpiece for an out-going soloist and at worst a bore. Lacombe was to be presented with maximum "showmanship" to win approval, and Alexander Kaganovsky is too sincere an artist to go for overacting, shallow stagecraft. Though his technique is smooth and unfailing in intonation and runs, and his phrasing always

Earnest promise

MUSIC



Mischa Maisky

elegant and concise, his velvety tone is limited in volume and expressive quality, which makes for an excellent chamber music player, which, indeed, he is. The conductor demonstrated in his collaboration with the soloist a life-time of experience though could not add any spice to the score's trivialities.

Only in Britten's music from "Peter Grimes" did Sir Charles show more temperament and initiative, and the orchestra responded with

alacrity. Here, nature came alive, and the composer's originality and inspiration came across in the creation of the moods of Dawn, Moonlight, etc., providing a more satisfying finale for an otherwise bland evening.

DUO-PIANISTS Recital — Bracha Eden-Alexander Tamir (Targ Music Centre, Tova Elias Hall; Tel Aviv-Jerusalem-January 20). Schubert: *Rondo, D. 468*; Schubert-Liszt: "Wanderer"; Schumann: *Marche caractéristique, D. 286*; Liszt: "Mephisto"; Schumann-Liszt: "La Danza."

IN DEFERENCE to the threatening Liszt centenary, this programme presented the fashionable 19th century pianist reflected in his works and, particularly, in transcriptions of other people's music. His "Mephisto" waltz is a piece of programme music inspired by a poem by Nikolaus Lenau, the descriptive music being so obvious that its value is rather dubious.

Liszt's "improvements" on Schubert's "Wanderer" Fantasy tend to overdo the score even more than the original; the drawback of having two people work on this most difficult score tends to slow down the presentation. The Fantasy in its original setting (for one piano only) is a *tour de force* for any pianist. Its technical intricacies, ex-

traordinary length, contrasts and moods really need one personality to do it justice. Only a soloist can give it a convincing interpretation and help listeners, through one sweeping presentation, to overcome its many hurdles to appreciation. It should be left that way.

THE DUO performed two lovely examples of Schubert's many pieces for piano four-hands, written for private purposes and hardly ever performed in public; but full of beautiful turns and twists and typical of the composer's abundant melodiousness.

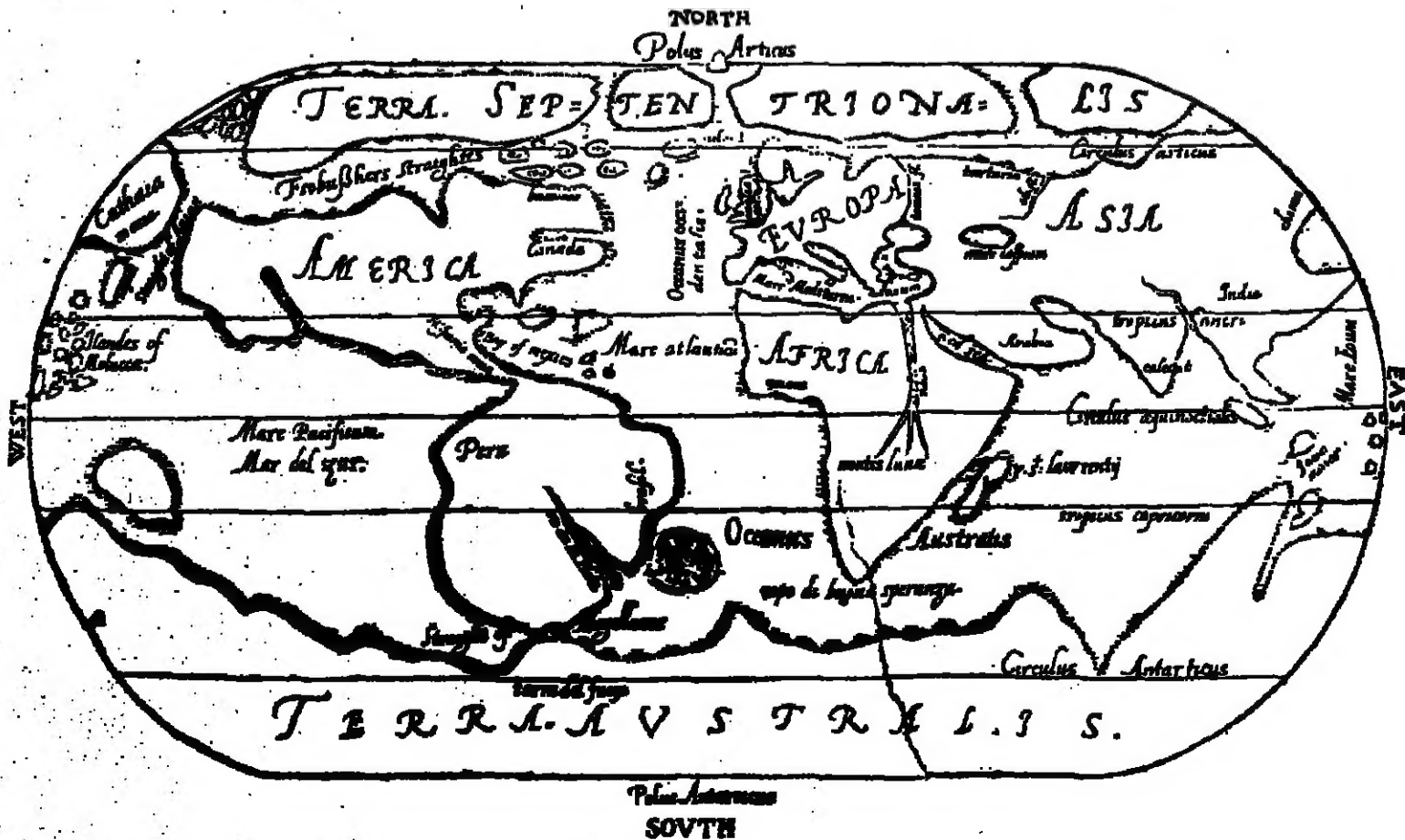
A brilliant encore piece, *La Danza* by Rossini, added to by Liszt, closed this programme impressively. But it was the encore which served as compensation for the endurance test of the whole programme: part of the ever so charming *Scaramouche* suite by Darius Milhaud, a standard showpiece of Eden-Tamir. With its lilting rhythm and carefree melodies, it brought a fresh, lively breeze into the crowded hall.

YOHANAN BOEHM.

HAIFA SYMPHONY ORCHESTRA — Stanley Sperber conducting, with Mischa Maisky, cello (Haifa Auditorium, January 19). Mendelssohn: *Scherzo, Intermezzo Notturno and Rhapsody* from *Middlemarch Night's Dream*, Op. 61; Baylis: *Cello Concerto in D major*; Bach:

"From the four corners of the earth they came"

Pan Am Salutes The Delegates To The 50th Anniversary Of The World Jewish Congress.



Pan Am. You Can't Beat The Experience.

20.50 Beauty Spot—tips on hikes and trips
21.00 Mabat Newsreel
21.30 History. Part 4 of a 5-part BBC comedy series starring Don Haden, Elaine Phillip Mardock and Jack Smethurst
22.00 This Is the Time
22.50 Bulman. Part 7 of a 13-part suspense series starring Don Henderson: Another Part of the Jungle
23.40 News
JORDAN TV (unofficial)
17.30 Cartoons 18.00 French Hour
19.30 News in Hebrew 20.00 News in Arabic 20.30 Starting...The Actors 21.10 Tender is the Night 22.00 News in English 23.00 Cable
WALE EAST TV (from T.A. north):
13.00 Last of the Wild 13.30 Another Life 14.00 700 Club 14.30 Shape-Up 15.00 Afternoon Movie 16.30 Spider-Man 17.00 Muppets 17.30 Super Bowl
18.00 Happy Days 18.30 Laverne & Shirley 19.00 News 20.00 Magnum Pil 21.00 Another Life 21.30 Monday Night Football 23.30 700 Club

6.15, 9.30: Beth Mathews: Flames in the Ashes 6; Israel Celine: The Greycoat, the Legend of Tazari 7; The Treasure of Sierra Madre 9.30

HAIKFA
Assessment: Life Force 4.30, 7.15, 9.15; Armon: Commando 4.30, 6.45, 9; Atoms: Target 4.30, 7.15, 9.15; Centon Club 4, 6.30, 9; Meriah: closed; Osh: For Those I Loved 4, 6.45, 9.15; Orsh: 4.45, 6.45, 9.15; Pary: For Death 4.30, 6.45, 9; Ren: Back to the Future 4, 6.45, 9.15; Sheviti: When Night Falls 7.15; Rav-Gan 1: Year of the Dragon 3.45, 6.30, 9.15; Rav-Gan 2: White Nights 3.45, 6.30, 9.15; Keren Or Hemeshedim: Kaci 6.3; Centre Culturel Francaise: Le Juge et L'Assassin 9.30

RAMAT GAN
Armon: Commando 5, 7.15, 9.30; Lil: Pizzi's Honor 7, 9.30; Romand: the Stone 4.30; Orsh: Year of the Dragon 6.50, 9.30; Gadi: Back to the Future 4.30, 7.15, 9.30; Ramat Gan: Joy 7.15, 9.30; Rav-Gan 1: Plenty 4.30, 7.10, 9.40; Rav-Gan 2: Zapped 6.30, 9.40; Rav-Gan 3: Birdy 5, 7.20, 9.40; Rav-Gan 4: Marie, a True Story 6.30, 9.40

HERZLIYA
David: Back to the Future 4.30, 7.15, 9.30; Hechal: Gonzo 4.30, 7.15, 9.30; Telenor: The Goonies 7.15, 9.30

YIFON
Migdal: Year of the Dragon 7, 9.30; Reviv: King David 4.30, 7.15, 9.30; Armon: Hemeshedim: Commando 5, 7.15, 9.30

BAT YAM
Assessment: Life Force 4.30, 7.15, 9.30

GIVATAYIM
Hader: Ordeal by Innocence 4.30, 7.15, 9.30

RAMAT HASHARON
Kochav: Rocky Horror Picture Show 7

MARKET PLACE

MACABEE DEAN

Place in the sun for the self-employed

TEL AVIV. — What is the difference between a barber who finishes the month with \$500 in take-home pay after paying all expenses and his customer, the managing director of a large company, with a monthly take-home pay of \$5,000?

"The barber has to pay 8.3 per cent surtax on his income tax, because he is self-employed; the managing director doesn't, because he is a wage earner," says Eldad Bukspan, chairman of the Chamber of Self-Employed. "This is an example of social justice as practised in Israel."

How did this strange state of affairs come about? Bukspan places the chief blame on the Histadrut, which for decades has been "waging a war against employers, and we are exploiters, according to its concept."

At one time this same Histadrut fought against the so-called exploiting employers, that is to say, those who ran industrial and other companies. But then, the Histadrut became a large-scale employer itself, trailing only behind the government companies as the country's major providers of work. And both watch the members of the Manufacturers Association like hawks.

So, when the economy goes on the blink for any reason, the Histadrut does not blame itself, nor the Manufacturers Association, nor the Government (except during the Ahdor administration), but the fourth economic sector in Israel, the self-employed. "We were charged with being exploiters and therefore rich, and not only rich, but tax evaders."

The proverbial straw which broke the camel's back was the Peace for Galilee Levy of 1982. All wage earners had this levy deducted from their gross salaries; the self-employed from their net income. This made a considerable difference. It was this levy which led to the birth of the Chamber of Self-Employed, with Bukspan being one of the godfathers. Today, it consists of 22 groups — lawyers, engineers, advertisers, doctors, accountants, garage-owners, taxi drivers, kindergarten teachers, opticians, financial advisers, music teachers, artists, dragageis, driving teachers, surveyors, insurance agents, merchants, graphic artists and others. In all, about 40,000 persons are members, but "we are taking up the fight for another 160,000, which we hope will join us soon to make us a bloc of about 200,000 persons."

The chamber launched its war on two fronts: against the government, for imposing this "grossly unfair surtax, and against the Histadrut, for its steadfast vilification of the self-employed."

Although it took months of persuasion, the chamber finally extracted a promise from the Finance Ministry that the surtax, imposed for the first time in the current fiscal year, would not be reimposed in the 1986/87 fiscal year. But this promise was only obtained after the chamber organized a 15-member "no taxation without representation" lobby in the Knesset, consisting of Liberals, Herut, Alignment and Shinui members. (Mapam's stance remains hostile to the self-employed.)

The fight against the Histadrut is still going on, "although we admit that the Histadrut has softened its attitude considerably." And what convinced the Histadrut more than anything else was official government figures.

The Histadrut grudgingly accepted the fact that the self-employed were paying taxes. Although only 17 per cent of the labour force, they paid 33 per cent of income tax advances in 1984/85, as compared to 48 per cent for wage earners. Companies paid the rest.

"If the comparison is only between the self-employed and wage earners, then we paid 40.3 per cent of income tax as advances, while wage earners had 59.7 per cent deducted at source. The final relation, after all payments are in, will probably be the same."

And if some self-employed failed to pay taxes, so did most Histadrut members, who do moonlighting. "Let the authorities go out and catch them."

Bukspan believes he has convinced the Histadrut to relate to "low-earners, medium-earners, and high-earners," not to self-employed and wage earners.

But the chamber does not believe it has won its war. "We won't believe this until the Histadrut recognizes that we are workers like anyone else with one big difference. We employ ourselves, and thus we face a double danger: we can lose both our place of work and our employer at the same time. And we don't have any automatic social benefits as others have."

Leumi overdrafts up to NIS 1,500

By PINHAS LANDAU

TEL AVIV. — Bank Leumi yesterday announced a revolutionary scheme for individual customers, wherein overdrafts of up to NIS 1,500 will be made available at preferential interest — currently 3.5 per cent. Customers will be allotted an overdraft facility by their branch in accordance with their personal financial position and without having to pledge collateral.

The key features of the scheme, called "Overdraft Rights," are that each customer will be treated on an individual basis. Credit will be more readily available to personal accounts, and the method of assessing a customer's creditworthiness will, for the first time in Israel, move nearer the American model of credit scoring, and away from rigid categorization.

Hitherto individual customers have been allowed to overdraw in the account in which they receive their salary, and the limits of this facility have been low — NIS 200-400, and uniform, irrespective of the customer's salary. Larger sums have been charged at the "excess" rates used by the banks, making them prohibitively expensive.

Under the new system, each customer will discuss with his branch manager the level of the overdraft he desires. The manager will consider the customer's sources of income, ability to repay interest and capital on his overdraft, and the level of his overall activity in the branch. He will then allocate him an overdraft facility in one of three bands — NIS 500, 1,000, or 1,500.

Leumi is offering the "Overdraft Rights" accounts to both existing

and new customers. The structure of the scheme, and its deliberate orientation to upper-income earners and to new customers, leave little doubt that it is a direct response to First International's "Improved Current Account" programme.

This highly successful scheme offers to any personal customer an overdraft of NIS 1,000 at preferential interest rates, but it is conditional on the provision of satisfactory collateral.

It represented a significant improvement over the standard low-level salary earners overdraft, which the main banks have traditionally offered. Self-employed and higher-level salary earners were particularly attracted to First International, and it is this market that Leumi's new scheme, which is on paper more attractive, is directed.

BANKING BRIEFS

By PINHAS LANDAU

Leumi (UK) — 28% jump in profits Bank Leumi (UK) PLC last week announced its 1985 results. Net profits after tax and provisions amounted to £1.05 million, 28 per cent up on 1984's total of £820,000.

The balance sheet rose 8 per cent over the year, reaching £390m., compared to £36m. at the end of 1984. The bank's capital means grew 49 per cent, to £23.2m. as a result of the £10m. issue of floating rate undated bonds.

The bank's board, chaired by Ernest Japhet, proposed an increase in the final dividend to 7.7 pence per share, making 11.2 pence for the full year compared to 10.5 pence in 1984.

Discount begins electronic mail service Bank Discount is about to broaden significantly the electronic mail service it offers its customers

though its Mashov computer terminals. Notifications hitherto sent by regular mail will henceforth be printed out on the Mashov unit, when the customer requests his regular account update from the terminal.

Customers will thus receive all the notifications regarding transactions in shekel accounts, foreign currency, savings schemes, provident funds, standing orders and credits and debits for interest and commissions. Anything not picked up from the computer within eight days will be mailed in the usual way.

Mizrahi boosts yield in Tenuah Scheme

Bank Mizrahi has announced a brief bonus period for savers joining the Tenuah Scheme before the end of January. The bank is offering an annual yield of 6.5 per cent for the two-year scheme, the

highest level currently available. For savers who withdraw from the scheme within the two-year span, Mizrahi offers compound monthly interest calculated at 50 per cent of the representative overdraft rate pushed by the Bank of Israel.

Julius Berman to join board of UMB New York

Mizrahi's American subsidiary, UMB Bank and Trust company of New York, announced that Julius Berman, a leading New York lawyer and past president of the Presidents Council of Leading American Jewish Organisations, is to join its board.

Berman, an alumnus of Yeshiva University and the University of New York, and an ordained rabbi, is active as a leader of representative organizations and religious institutions, in addition to his partnership in a law firm.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	97.76	-0.51%
Non-Bank Index	100.81	-1.08%
Arrangement	98.55	-0.27%
Insurance	100.77	-0.70%
Commerce, Services	102.34	-0.30%
Real Estate	108.58	-0.46%
Investment Cos.	98.81	-1.39%
Industrial	98.72	-0.27%
Textiles	102.57	-0.12%
Metals	96.87	-0.83%
Chemicals	98.35	-0.22%
Electronics	98.10	-0.21%
Industrial Invest.	98.69	-2.50%
General Bond Index	98.06	+0.22%
Index-linked Bonds	98.19	+0.12%
Partially-linked	97.67	-0.06%
Fully-linked	98.02	+0.46%
Dollar-linked Bonds	97.08	+0.36%
Short-term 0-2 yrs	98.12	+0.20%
Medium-term 2-5 yrs	98.25	+0.08%
Long-term 5+ yrs	98.98	+0.43%

Turnovers:

Shares — total	NIS 3,488,500
Arrangement	NIS 1,076,200
Non-bank	NIS 2,392,300
Bonds — total	NIS 4,722,500
Index-linked	NIS 3,578,800
Dollar-linked	NIS 1,143,900
Treasury Bills	NIS 280,700

Share Movements:

Advances	116 (133)
of which 5%+	16 (21)
"buyers only"	0 (1)
Declines	185 (132)
of which 5%—	23 (22)
Unchanged	3 (3)
Trading Halt	112 (112)

Bond Market Trends:

Index-linked	14.87%
3% fully-linked	Mixed by 1-2%

4.25% fully-linked

Mixed to 3%
80% linked
90% linked
Double-linked:
Mixed to 1%

Admon
Rises to 1%
Rises of 0.5-1.5%
Minor movements
Mixed to 1%

For. Curr.
denominated
Treasury Bills
(monthly yield)

2.02-2.31%

Arrangement yields:

IDB ord.	14.94%
Union 11	14.30%
Discount A	14.79%
Mizrahi r.	14.83%
Hapoalim r.	14.81%
General A	14.78%
Leumi stock	14.87%
Fin. Trade 1	14.20%

SELECTED PRICE QUOTATIONS

Name Price Volume % 100NIS change

Commercial Banks

(not part of "arrangement")

Maritime 1 899 823 -2.8

First Int'l 2570 1812 +0.4

RBI 2400 1973 -1.7

Commercial Banks

(part of "arrangement")

IDB r 73370 290 -0.5

Union 0.1 74650 41 -0.3

Discount 94000 54 -0.4

Mizrahi 30200 569 -0.9

Hapoalim r 80000 395 -0.5

General A 127910 1 -0.4

Leumi 0.1 31730 662 -0.5

Fin. Trade 42780 —

Mortgage Banks

Leumi Mort. r 3175 50 -1.8

Dev. Mort. 825 1254 +1.2

Mishkan r 1701 103 -0.2

Tefehot r 10899 28 -0.9

Mezav r 1510 380 -3.2

Financial Institutions

Agric C 24895 4 +2.0

Ind. Dev. DD no trading

Cil Leasing 0.1 4505 — +0.1

Insurance

Ararat 0.1 r 2951 81 —

Hasehah r 2125 1738 —

Phoenix 0.1 1135 188 -1.2

Hamaishmar 4620 10 -1.3

Menorah r 5759 18 +4.0

Sahar r 2340 125 -2.1

Zion Hold. 1 7485 10 +0.5

Trade & Services

Meir Ezra 4180 2000 —

Supersol 2 3690 572 -2.1

Dalek r 3850 575 —

Lightage 8500 38 -3.8

Cold Storage 780 130 +1.7

Dan Hotels 3478 30 —

Yarden Hotel 1801 12 -3.8

Hilon 1 5000 —

Team 1 1500 274 +4.9

Real Estate, Building and Agriculture

Asurim 2570 813 -1.2

Elion 920 207 -1.1

Africa Int. 0.1 31400 13 —

Dankner 2899 35 —

Prop. & Bldg. 3850 150 -0.5

Beyside 0.1 8805 5 —

ILDC r 27650 186 -0.2

Rassou r no trading

Mehadrin 10800 119 -2.1

Hadarim 1815 529 -1.4

Industrials

Dubish 2310 235 —

Pit-Za 1 4000 880 +3.0

Sunfrost 5295 186 -0.9

Elita 8280 53 -3.2

Adgar 622 145 —

Argaman r 4000 18 -0.5

Delta G 1 3220 223 -0.6

Maquette 1 18850 1 — +0.8

Egale 1 9800 7 — -1.2

Polgat 0.1 7410 229 —

Schellwina 9720 130 -0.6

Rogosin 2770 308 -0.1

Urden 0.1 r 11700 88 -2.5

Is. Can Co. 1 684 4170 —

Zion Cables 1880 249 -1.1

Pekot Steel 3600 —

Elbit 3 r 404000 4 -0.2

Elron 392000 2 —

Art

Ciel Electronics 36000 36 -0.9

Spectronix 1 1468 158 +0.3

T.A.T. 1 3220 60 -1.2

Acherstein 1 1105 850 +1.8

Agan 5 13600 15 —

Alliance 770 200 +1.9

Dexter 2700 12 -1.1

Fertilizers 8975 39 —

Haifa Chem. 838 7285 -5.3

Teva r 48200 122 -2.3

Dead Sea r 12220 988 -2.2

Petroleum 323 16539 —

Neon Chem. 3400 — -5.6

Futurcom 9600 32 -1.2

Haders Paper 134000 31 —

Central Trade 4620 478 -5.9

Koor p 4000000 0 -1.0

Ciel Ind. 1137 15341 -0.4

Investment Companies

IDB Dev. r 2740 2415 -1.8

Elion 1770 229 +1.1

AGC 1 698 304 -1.9

Gahelot 1280 —

Israel Corp. 1 3600 329 +4.3

Wolfson 1 r 58900 —

Hapoalim Inv. 3890 —

Leumi Invest. 3645 189 —

Discount Invest. 3745 2840 -1.1

Mizrahi Invest. 7800 6 —

Ciel 10 1860 1688 -5.1

Landco 0.1 8520 5 —

Perna 0.1 5700 39 +1.8

Oil Exploration

Paz Oil Expl. 10100 103 -3.8

J.O.E.L. 1325 918 —

Abbreviations:

s.o. sellers only b. buyers registered

b. buyers registered

b. buyers registered

b. buyers registered

b. buyers registered

b. buyers registered

b. buyers registered

b. buyers registered

FINANCIAL DATA
ISRAEL EUROPE U.S.

Israel Money Markets

Due to technical difficulties local and Wall Street financial quotations were not received over the weekend. All quotations are those of Friday, January 24.

SHEKEL INTEREST RATES

PRIME BORROWING RATE: 2½% per month
Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	23.1	12-29%	13-28%	12-24%
HAPOLIM	9.1	15-25%	20-25%	21-26%
DISCOUNT	23.1	16-28%	18-28%	18-27%
MIZRAHI	9.1	12-18%	12-24%	12-24%
FIRST INT'L	9.1	18-30%	20-28%	26-28%

Rates vary according to size of deposit.

(Tapes: demand deposit paying daily interest.

Pakam: fixed-term deposit available from 7 to 59 days.)

PATAM — FOREIGN CURRENCY DEPOSIT RATES (as of January 23)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	7.500	7.500	7.750
STG	12.500	12.500	12.250
DMK	4.000	4.000	4.112
SFR	3.375	3.500	3.500
YEN	5.250	5.200	5.000

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY		CHEQUES AND TRANSACTIONS		BANKNOTES		BANK OF ISRAEL
			<i>Purchase</i>	<i>Sale</i>	<i>Purchase</i>	<i>Sale</i>	<i>Representative Rate</i>
U.S.A.	DOLLAR	1	1.4733	1.4917	1.45	1.52	1.4825
GREAT BRITAIN	STERLING	1	2.0575	2.0832	2.02	2.12	2.0724
GERMANY	MARK	1	.6018	.6094	.59	.62	.6052
FRANCE	FRANC	1	.1959	.1984	.19	.20	.1972
HOLLAND	GULDEN	1	.5300	.5386	.52	.55	.5373
SWITZERLAND	FRANC	1	.7089	.7187	.70	.73	.7137
SWEDEN	KRONA	1	.1931	.1956	.18	.20	.1943
NORWAY	KRONE	1	.1946	.1970	.19	.20	.1958
DENMARK	KRONE	1	.1636	.1657	.16	.17	.1648
FINLAND	MARK	1	.2706	.2740	.27	.29	.2723
CANADA	DOLLAR	1	1.0494	1.0625	1.03	1.08	1.0557
AUSTRALIA	DOLLAR	1	1.0475	1.0606	.89	1.09	1.0541
SOUTH AFRICA	RAND	1	.6483	.6563	.52	.57	.6510
BELGIUM	FRANC	10	.2902	.2939	.29	.30	.2981
AUSTRIA	SCHILLING	10	.8556	.8696	.84	.89	.8610
ITALY	LIRE	1000	.8827	.8938	.86	.92	.8878
JAPAN	YEN	100	.7276	.7366	.72	.75	.7336
JORDAN	DINAR	1	—	—	3.94	4.18	3.9509
EGYPT	POUND	1	—	—	.83	.88	.8561

(SUPPLIED BY BANK OF ISRAEL)

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Plundering our pensioners

THE ROUGHLY four hundred thousand old-age pensioners in Israel—certainly the vast majority of them—are up in arms. They protest what they view as an attempt at the legalized robbery, through the budget law for the next fiscal year, of their hard-won and long-held rights to at least subsistence living in retirement. A former ambassador is already calling on fellow pensioners to join a non-party list that will run in the Knesset election on a platform of justice for the people who have given their working years to their country.

Finance Minister Yitzhak Moda'i, against whom the pensioners' wrath is mainly directed, is not likely to be greatly impressed by this electoral threat.

The success of *ad hoc* pensioners' lists in the past at the polls has not been especially striking, and, in any case, Mr. Moda'i's Liberal constituency does not include many who would scream with pain at a few percentage point reduction in National Insurance Institute allowances. While this is not true of all Likud voters, the main sufferer from a genuine political revolt by the increasingly expanding retired population would probably be the Alignment.

In the last election campaign the Alignment made extravagant promises to pensioners which some party bigwigs now dismiss as "obviously" not meant to be honoured. One such promise involved the raising of the 35 per cent exemption from income tax on workplace pensions to 50 per cent.

Old-age pensioners will doubtless concede that, no matter how cynically that promise may have been made, it cannot be honoured in the country's present economic condition by a government in which the Alignment has no majority. In these conditions, they may owe the Alignment a debt of gratitude for merely preventing Mr. Moda'i from doing away with the 35 per cent exemption altogether in next year's budget. But it was the entire government that, eight months ago already, decided to count traditionally tax-free NII allowances for the purpose of income tax in the case of working pensioners.

It is the Knesset Finance Committee that has so far barred the enactment of this measure. And now it is for the committee to make up its mind about Mr. Moda'i's other pensioner-soaking measure—the reduction of old-age NII allowances.

The Treasury's argument is that no sector of the population can be immune to the imperative of belt-tightening under the economic recovery programme, and that, at a time when workers' wages are being eroded, pensioners, too, should make their contribution.

Nothing would seem fairer, on the face of it. But the fact of the matter is that most every wage earner suffers a massive erosion of income immediately upon retirement. The *maximum* workplace pension he can receive—unless he belongs to the select club of Very Important Persons—amounts, after 35 years of labour, to 42 per cent of the last pay cheque (in theory it is 70 per cent, but of the basic pay only).

The NII pittance with which the worker may supplement his income does not begin to cover the difference. Yet what the Moda'i budget proposes is that it should be cut by virtually halving the seniority increment—2 per cent yearly after 10 years of work—now assured retirees. That way the *maximum* NII allowance would be down from 24 to 20 per cent of the average wage in the economy.

It takes nothing less than unmitigated gall for the finance minister and his colleagues to come up with this sort of belt-tightening measure while rejecting any idea of taxing stock market operations. If there is any fat in NII old-age allowances that deserve to be trimmed, it would rather more readily be found attaching to that select club to which ministers themselves—and their families—appear to belong.

WEIZMAN SEES MUBARAK

(Continued from Page One)

Egypt would provide the transcript of the verdict in the trial of the Ras Burka assassin.

Weizman's visit had the blessing of Vice Prime Minister Shamir and Defence Minister Rabin.

Weizman took up an open invitation from Mubarak to visit Cairo. Their meeting was arranged during a telephone conversation in the middle of last week and was approved by Shamir during a meeting with Weizman last Thursday morning.

Tamir, who was a member of Peres's entourage in Europe, flew into Israel late Saturday night, and he and Weizman boarded an Air Sinai plane for Cairo early yesterday morning.

The visit was kept secret to prevent it being aborted by opposition from within the Likud, the sources said. Previous attempts by Weizman

to mediate between Peres and Mubarak brought the coalition government close to crisis.

The mistrust between Israel and Egypt has increased markedly in the past two weeks since the inner cabinet agreed to submit the Taba dispute to arbitration in return for a "normalization package."

Asher Wadfish adds: Reporting at the weekly cabinet meeting yesterday about Peres's conversations in Europe, Shamir stressed that details would be available only after the prime minister returns.

Shamir said Peres had got a promise from the Netherlands prime minister to do all in his power to effect a change in Soviet policy on Jewish emigration to Israel. He also got agreement in principle in The Hague for joint Netherlands-Israel economic cooperation, Shamir said.

SHAMIR APPROVED

(Continued from Page One)

understand what the Egyptians now want. For a long time they have been insisting on arbitration on Taba. Now they have it. We'd all like to find out why they still won't improve relations.

Other Likud sources complained bitterly that Shamir had kept the Weizman trip a secret from fellow Likud ministers and that Shamir had seen fit to "conspire with Weizman, rather than consult with fellow Likud members. There is altogether too little flow of information in the national unity government and all too much is done behind ministers' backs—especially and most often behind the backs of Likud ministers."

Shamir, who addressed the Wizo International Convention here last night, touched on Israel's relations with Egypt, asserting that "when we deal with a neighbour that has been at war with us, it is also necessary that its commitment to peace with Israel should be clear cut and serious."

"We have already seen that territory in exchange for peace is not a workable formula," Shamir maintained. "A sincere desire for peace must be shared by both sides."

GENERAL STRIKE

(Continued from Page One)

the lack of interest and stubbornness displayed by the government regarding unemployment."

The central committee meeting was disrupted for about two hours when several dozen shipyard workers burst into the committee chamber, locked the doors and refused to allow committee members to enter

THIS PAST YEAR has been witness to an astounding development within Israel's religious community. Gone almost unnoticed, it is the chief rabbinate's loss of its near monopoly over religious affairs. While not as immediate a concern as the issue of the status of Ethiopian olim which, until recently, dominated the news, it is of far greater long-range import. Indeed, it may foreshadow the end of a system of centralized rabbinical control which has functioned for over two decades as the primary authority of religious life in the State of Israel.

The present system, with its two chief rabbis and single chief rabbinical council presiding over a neatly structured system of local chief rabbinate and rabbinical councils, was inaugurated in 1921 at the beginning of the Mandatory period to replace the Ottoman system. For most of the Ottoman years, the *Hacham Bashi* (as he was known to the Turks) or Rishon Lezion (as he was known to the Jews) was elected by the Va'ad HaEida HaSefardi (the council of the Sephardic Community) and confirmed by the Ottoman authorities. He presided over the local Jewish community, retaining halachic authority while the Va'ad HaEida handled civil affairs.

Since the Rishon Lezion was a Sephardi, the Ashkenazim who came flooding into the country in the middle of the 19th century sought to remove themselves from his jurisdiction. After 1860, they were increasingly successful in securing at least partial exemption from his authority. In part because they maintained foreign citizenship and were supported for political reasons by the European powers whose nationals they nominally were. As a result, by the time of the British conquest in 1917, the old system of Jewish self-government had broken down, especially in the religious sphere, and both the British and Zionist authorities felt compelled to replace it.

In choosing the model they did, an official chief rabbinate and council, they not only gave Ashkenazim equal status, but they also followed the model developed several centuries earlier in the states north of the Alps to enable external rulers to impose more uniform controls on the Jewish communities within their borders. In other words, it was a foreign imposition imposed on the Jews, who had never known such an authority structure.

It was the British, with the cooperation of the Zionist movement dominated by Ashkenazim, who managed firmly to establish the chief rabbinate in Eretz Yisrael. This was a result of a convergence of interests among the British who wanted to impose some kind of order on Jewish religious life, the Zionists who wanted the same under Zionist au-

spices, and the Ashkenazim in general who wanted at least formal equality with the Sephardim. Moreover, the appointment of Abraham Isaac Kook as the first Ashkenazi chief rabbi gave the institution great status. Rav Kook's tolerant attitude toward the secular *halutzim* won him great support among non-religious Zionists, and the religious Zionists saw him as one of theirs.

FROM THE FIRST, the ultra-Orthodox rejected the chief rabbinate and established their own rabbinical council, either through the Moetzes Gedolei HaTora (Council of Torah Sages) of the Agudat Yisrael, which had been established outside Eretz Yisrael in 1912, or through the various *benei din* (religious courts) to the right of the Aguda. But they represented a small and decreasing percentage of the total Jewish population in Eretz Yisrael in the interim period. The official chief rabbinate soon came to command the loyalty of a large majority of religious Jews and the support of all the secular Jews under its jurisdiction.

The establishment of the state did not change things. The institutions of the chief rabbinate, chief rabbinical council, and local rabbinate were reestablished within the same framework under Israeli law. Relatively few among the mass immigration were ultra-Orthodox, and the others accepted the existing patterns of authority. By the time the dust had settled after the mass immigration, it was fair to conclude that 95 per cent of all Israeli Jews were within the framework of the chief rabbinate and its ancillary institutions, with only the five per cent of the Jewish population that was ultra-Orthodox outside. Of the 95 per cent, 20 per cent were religious Zionists and 75 per cent traditionalists or secularists who simply accepted the authority of the chief rabbinate as part of the natural order of things.

From the first, the chief rabbinate was dominated by Ashkenazim. That domination reached new heights after the death of Sephardi Chief Rabbi Ben Zion Hsi Uziel in 1953, the last of the old line Sephardi

religious leaders. Then the Ashkenazi religious establishment came to play the decisive role in choosing which Sephardim would be elevated to the chief rabbinate and other key rabbinical positions. Nominally equal, the Sephardi religious leadership was fully dependent upon Ashkenazi politics to advance.

THE ESTABLISHMENT of Shas (Sephardi Tora Guardians), a poli-

...The official chief rabbinate is left with the allegiance of only about half of Israel's Jews, and the proportion may be even less...

tical party which emerged in 1984 out of the breakdown of Agudat Yisrael and the shattering of the National Religious Party, has fractured that status quo. One of the first acts of the new party was to establish the Moetzes Hachmei HaTora (Council of Torah Sages), a Sephardi counterpart to the Moetzes Gedolei HaTora, under the leadership of the former Rishon Lezion, Ovadia Yosef. Hachmei HaTora is recognized as one of the greatest halachic authorities in contemporary Israel, not only by ordinary Orthodox Jews but even by many of the ultra-Orthodox. Hence, when he was denied reelection to the position of Sephardi chief rabbi, he threw his support behind Shas.

This sent shock waves through the whole system. While we have no figures, there is no doubt that many Sephardim who are far from being ultra-Orthodox look to Ovadia Yosef as their halachic authority because of his status and because the present Rishon Lezion, Mordechai Eliyahu, does not approach his stature as a halachist in their eyes. Moreover, they view the official chief rabbinate—quite accurately—as Ashkenazi-dominated despite the formal parity. Thus, if only slightly more than half of the Sephardim recognize the Moetzes Hachmei HaTora as their halachic (though not

necessarily political) authority in place of the chief rabbinical council, it would give the *former* approximately one-third of the Jews in Israel as its constituency. There is every reason to believe that the percentage is even higher than that.

When the followers of the Moetzes Gedolei HaTora, an increasing percentage in the Orthodox community because of the movement to the right that is taking place, are added to that figure, the official chief rabbinate is left with the allegiance of only about half of Israel's Jews, and the proportion may be even less...

This division is even sharper than these percentages indicate. Given the rightist and fundamentalist tendencies of our time, the Moetzes Gedolei HaTora has an influence beyond its actual adherents. So too, given the new assertiveness of the Sephardim and the fact that Ovadia Yosef is considered reasonably liberal in many cases, the Moetzes Hachmei HaTora has a broader influence than the percentages indicate. Today it is hard to think of the official chief rabbinate having any particular status, other than its legal status, in the mind of many Israelis. Indeed, there has been a stir of activity in the National Religious Party to try and reestablish the base of support for the chief rabbinate in order to counter this trend. But the low profile of the present chief rabbi in everything but the issue of the Jewishness of the Ethiopian Jews has not made that task easier.

IRONICALLY, these changes had their origin in what was thought to be a liberal breakthrough expected to transform an increasingly conservative chief rabbinate into a more flexible and open body. The election of Rabbi Shlomo Goren and Ovadia Yosef to the chief rabbinate in 1974 was championed by many as representing the introduction of more modern and liberal thinking into that institution. Instead, Rabbi Goren almost immediately embroiled it in controversy, first with his Sephardi counterpart in an effort to gain

dominance on the chief rabbinical council, and then in various ways with different parties. Recognizing that he had antagonized so many people, as his first term came to an end he made his peace with Yosef and persuaded the government and the Knesset to automatically extend their terms for another five years without elections. The price of that suspension of the rules was that both chief rabbis agreed to a single ten-year term with no possibility of reelection.

As the end of the ten years approached, Rabbi Goren began a major campaign to change the law once again, to allow the reelection of the incumbents. While he obtained the backing of then prime minister Menachem Begin, the Knesset rebelled, insisted on maintaining the law, and turned the two men out. By the end of the struggle, the chief rabbinate had lost whatever remaining dignity it possessed (some of which has been restored by the present incumbents who, if not highly visible, are not prone to public controversy either and have conducted themselves with considerable dignity in office). New antagonisms had been engendered within the religious establishment, and the groundwork had been laid for the break which followed.

The final irony is that, while most of the public attacks on the chief rabbinate have come from the religious and political left, the breakdown of its monopoly is a result of actions of the religious right.

THE CHIEF RABBINATE does retain its legal status as the sole custodian of state-supported Judaism. That is no small matter. But, to the extent that a gap is growing between its official powers and its public support, it is entering into an increasingly untenable situation. In fact, the new system emerging is more authentically Jewish than the present hierarchical system.

What is emerging is a new authoritative balance in the religious camp which will affect all the Jews of Israel and, for that matter, the world. There are three significant competing higher rabbinical authorities, each with substantial numbers of adherents here and in the Diaspora. With the official chief rabbinate for certain purposes the least important of the three. Under these circumstances it will be increasingly difficult for the Orthodox camp to restrain the spillover effects of pluralism. That is not to say that the state will soon recognize non-Orthodox rabbis, but it certainly does make the possibility more real in the long run.

Daniel J. Elazar is president of the Jerusalem Centre for Public Affairs and Senior N.M. Patterson Professor of Intergovernmental Relations at Bar Ilan University.

READERS' LETTERS

THE 'JEWISH CHRONICLE'

To the Editor of The Jerusalem Post Sir, — Your report of January 10 on the *Jewish Chronicle* (London), emphasizes its status as the "organ of British Jewry" and its "independence" within the Jewish community. Many British Jews would disagree with these assertions.

The suggestion that the *Chronicle* is read on average by four members of a family and has a combined readership of 200,000 is doubtful. In my experience, the *Jewish Chronicle* is read mainly by the older members

of the community and therefore reaches less than half of British Jews.

The assertion that the *Chronicle* is an independent newspaper is more significant, since it is in fact very much beholden to the British Jewish establishment. I am aware of at least three instances where scandals involving leading members of the community (in their public rather than private capacities) were either ignored or carefully under-reported by the *Chronicle*.

MARTIN HOFFMAN
London.

SIMONE DE BEAUVOIR

To the Editor of The Jerusalem Post Sir, — I was puzzled by the reference to "the late Simone de Beauvoir" in the article on Claude Lenzmann's film "Shoah," in the magazine of December 27, since I had seen no other mention of the "passing" of the famous writer.

That she is indeed alive and well was confirmed by your report on the recent PEN Congress (January 19) that states: "Simone de Beauvoir was among the 24 women writers invited."

ROSALIE MORIAH
Jerusalem.

SUCCESSFUL PROTEST

To the Editor of The Jerusalem Post Sir, — It might interest your readers to know that the play by the late Rainer Werner Fassbinder, "The Garbage, The City and Death," the performance of which was prevented in Frankfurt by the demonstration of the members of the Jewish community, liberal circles and two Christian churches, was to be staged in Kassel.

As a result of the vehement protest or the Association of Former Jewish Residents of Kassel, voiced by the chairman of that association, Ernst Freudenthal, in his letters to the Mayor of Kassel, the Prime Minister of the state of Hesse and other public figures, the Municipality of Kassel has decided not to allow the performance of that play. The Association is affiliated to "Centra," the roof organization of 14 associations of former Jewish residents of Germany.

A. HOFFMANN,
Chairman of "Centra"
Tel Aviv.

FINANCIAL NEWS

To the Editor of The Jerusalem Post Sir, — Congratulations on your new financial page. Keep up the good work!
J. W. ZANGER
Avihayil.

Sir, — Congratulations on your new financial data layout. It makes quite a change from the layout that you supplied to your readers in the past.
JOE GOODMAN
Jerusalem.

Sir, — Congratulations on your new service — for the first time in Israel — to help "keep businessmen and savers abreast of latest developments in volatile world currency markets."

On the other hand, you penalize investors in Israeli securities by cutting the listings of the Tel Aviv Stock market to "selected price quotations" only. Of some 40 "Textiles,"

none are listed in the drastic selection, for example.

Perhaps you will now consider those of your readers interested in the mutual funds, by far the greatest factor in the investment and savings market — (information available daily in the Hebrew press) and list their statistics.

And like the Hebrew press, perhaps also carry the daily situation of the free market dollar, just for our curiosity, of course.
KEREN YASSAF
Jerusalem.

Sir, — As a subscriber to your excellent paper since 1933, I take the liberty to tell you that the new arrangement of financial data in no way meets the wishes of your local readers.

I urge you to go back to the former system of publication.
HERMANN ELLERN
Jerusalem.

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notifies the public that lately we are experiencing technical problems with the telephones in the Consulate General's Consular Section.

We sincerely regret any inconveniences caused to the public. We hope that these difficulties will be rectified in the near future.

03-27-02-02